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NEWS SUMMARY

GENERAL

'Ripper police errors cost lives'

The Yorkshire Ripper, Peter Sutcliffe, would have been arrested earlier—and many of his victims saved—if the police had not made "major errors of judgment," Home Secretary William Whitelaw said.

He told MPs in a Commons statement on the review of the case that the Yorkshire police had given "excessive credence" to letters and tapes from a man claiming to be the Ripper and their incident room had become overloaded with unprocessed information. Parliament, Page 10

Premier Margaret Thatcher told MPs she supported the Lord Chief Justice's call for prison sentences for nearly all rapists. She also shared the concern about the way police handled rape interviews after a television documentary on Monday night.

Rail peace hopes

Hopes were raised of settling the rail dispute as TUC general secretary Len Murray joined talks at Acas where it seemed a plan for comprehensive arbitration on all aspects of the row was being put together. Back Page

Sinai agreement

Egypt and Israel signed an agreement after three days of talks in Cairo which should lead to Israel's final withdrawal from Sinai in April. Earlier story, Page 4

Press seized

Polish security police seized one of Solidarity's secret printing presses in a flat in Wroclaw, south west Poland. They also found anti-martial leaflets and forged identity papers. Back Page

India violence

At least five people were reported dead and 100 injured in clashes set off by a 24-hour national strike against Premier Indira Gandhi. Mixed response to strike, Page 3

N-plant blasted

Five Soviet-made anti-tank rockets were fired at France's most advanced nuclear power station at Creys-Malville, near Lyons. Little damage was done.

Fighters crash

Two Belgian Air Force fighters collided in mid-air during a training session. One pilot ejected, the other was still missing near Rochefort, south of Brussels.

Snow inquiry

Common Market officials have begun an investigation into the damages and losses suffered in snowbound Wales as Prince Charles visited areas worst hit by blizzards.

Nazi jailed

Self-styled American Nazi party lieutenant David Nelson, 25, was jailed for four years in Los Angeles for firebombing a Californian synagogue.

Cheap fares move

Liverpool City Council decided to withhold further payments of a supplementary rate levied by Merseyside County Council to provide cheap bus fares.

Pub crawl

Landlord Rod Mahon and barman Ken McKenzie beat the world non-stop crawling record of 26 miles by one mile when they went around their own pub 2,301 times in 15¼ hours.

Briefly ...

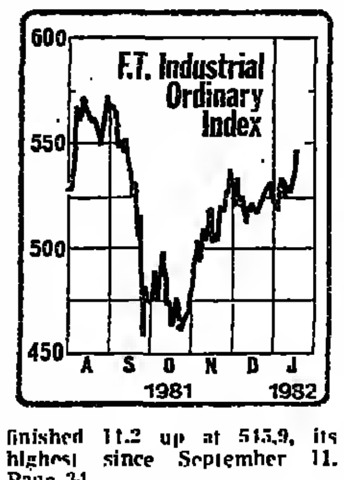
Fire at an Ordnance Depot at Moreton-on-Lugg, near Hereford, caused £1.5m damage.

Ballet star Rudolf Nureyev has been granted Austrian citizenship.

BUSINESS

Equities up 11.2; gilts strong

● EQUITIES gained in confidence and closed at the day's best. The FT 30-share index



finished 11.2 up at 513.9, its highest since September 11. Page 34

● GILTS' strength continued. The Government Securities index gained 0.65 to 63.61. Page 34

● DOLLAR fell to DM 2.295 (DM 2.2985), to SwFr 1.8475 (SwFr 1.8490), and to Y224.5n (Y225.40), but rose to FFr 5.8440 (FFr 5.836). Its trade-weighted index fell to 108.7 (109.1). Page 31

● STERLING improved 1.20 cents to $1.895, and to DM 4.35 (DM 4.33), FFr 11.0725 (FFr 10.99), SwFr 3.505 (SwFr 3.4825) and Y425.50 (Y424.50). Its trade-weighted index rose to 91.5 (90.8). Page 31

● GOLD rose $3 to $375.5. Page 31

● WALL STREET was down 4.89 to 831.05 near the close. Page 32

● INTEREST RATES fell again as the Bank of England lowered its dealing rates on Treasury and other Bills for the second day running. Back Page

Veto powers planned over Britoil activities

● BRITOIL, the new company which is to take over the exploration and production activities of BNOC, is to be given what amounts to a Government veto to prevent it coming under the control of undesirable interests. Page 10

● BNOC is to lose its right to buy up to 51 per cent of all the petroleum gas liquids produced in the North Sea. Page 10

● ICI is preparing to axe an estimated 1,300 jobs at its Welwyn Garden City research and administrative centre in Hertfordshire. Page 6

● SHORT BROTHERS, the state-owned aero-space company, announced a 10 per cent cut in its labour force, which would mean 650 redundancies at its three Belfast factories. Page 8

● FIRTH BROWN, one of the country's biggest private steel-makers, wants an immediate cut of 250 in its 2,200-strong workforce. Page 8

● VIDEO CASSETTE formal agreement has been reached by Sony, Hitachi, Matsushita and JVC of Japan and Philips, the Dutch group, for cameras they plan to introduce.

● MEPC, the UK's second biggest property group, announced a £62.3m rights issue to help fund its worldwide development programme. Back Page

● RTZ confirmed that the present terms of its offer for Thos W. Ward were final. Page 26

● MFI Furniture Group improved first-half taxable profits by 43 per cent to £7.12m. Page 24; Lex, Back Page

Miners set to give clear majority for 9.3% pay offer

BY CHRISTIAN TYLER, LABOUR EDITOR

THE MINERS have not only rejected their union's strike call but may have voted by a clear majority to accept the National Coal Board's 9.3 per cent wage offer.

It appears that even if the South Wales miners—who voted late because of the weather—have responded to their militant leadership with a high rejection rate, their vote will not be enough to swing the result.

It looked last night as though the National Union of Mineworkers will get no more than 48 or 49 per cent for its ballot recommendation that the miners should strike "if necessary" to secure a bigger offer.

If the South Wales result, which will be known by tonight, falls short of area officials' expectations, the overall figure could be still less. It will probably be declared tomorrow.

The probability that the union had failed to secure even a simple majority—it required a 55 per cent majority for strike action—fuelled a long and sometimes heated debate in the national executive yesterday.

Mr Joe Gormley, NUM president, escaped a motion of censure for his article in the Daily Express last week by just one vote. It had advised miners to "think hard" and, in effect, urged them to overturn the executive decision.

The motion, which apparently talked about unspecified "disciplinary measures," was lost by 13 votes to 12, reflecting the present right-left line on the executive. Some moderate area leaders criticised Mr Gormley but did not vote against him.

Meanwhile, disappointed left-wingers warned that the battle would resume next year. Mr Michael McGahey, Scottish president and national vice-president, said he would like to see a campaign begin immediately and would support a demand for a minimum rate of £120 a week compared with the present demand of £100.

"My attitude is that we shall have to get started on the next wages battle now," he said.

Mr Arthur Scargill, Yorkshire area president who succeeds Mr Gormley in early April, admitted afterwards: "It would appear from informal reports that the 55 per cent majority is not going to be attained." It now looks as if even the simple majority has eluded the executive.

Last night's forecast is based on indications that the big Nottinghamshire area has accepted the pay offer by nearly 70 per cent, while Yorkshire, by far the largest constituency, has rejected it by about 69 per cent.

The Yorkshire rejection vote is larger than last year's 64.6 per cent "No" vote and will be a comforting result for Mr Scargill. But the votes of the militant areas have not been enough to counterbalance anti-strike feeling elsewhere.

It was Yorkshire's general secretary, Mr Owen Briscoe, who moved the censure motion against Mr Gormley. The president said virtually nothing during the two-hour debate.

At one point, tempers flared when Mr Jack Jones of the Leicestershire area rose from his seat clutching a carafe of water to threaten Mr George Rees, South Wales secretary, who was sitting opposite him. The incident was quickly over however.

Mr Gormley claimed afterwards that as the president elected by all the miners he had the right to say what he did. The collective responsibility of the executive—on which Mr Gormley has always insisted for his left-wing opponents—had been breached by them first, he said.

Asked if he had apologised for his article, he said: "You can't lead a group of lads like the miners always being on your bloody knees."

Much of the blame for the union's vote is being pinned on Mr Gormley's article. This will allow the left to say that their pay vote in no way reflects lack of confidence in Mr Scargill, who was elected by a record 70 per cent.

Editorial Comment, Page 22

Government may increase controls on De Lorean

BY JOHN GRIFFITHS

TIGHTER Government controls on the operation of the De Lorean car concern are almost certain to be a condition of any further Government assistance and possibly of the continuation of existing finance arrangements.

Mr Adam Butler, Northern Ireland Minister of State, told the Commons yesterday that the Government was planning a major review of its relationship with the company.

The review will include the extent of Government representation on the boards of the De Lorean companies, the way in which its performance is monitored "and, with the assistance of independent consultants, an assessment of its performance to date and future prospects."

Mr Butler confirmed that the Government would extend guarantees of bank loans made to De Lorean last year.

It will guarantee £10m until May 31 and £5m until August 31. Previous guarantees totalling £17m expired on December 31. De Lorean applied for a £10m guarantee until next December 31.

Mr Butler gave no indication of any progress in De Lorean's talks with the Export Credits Guarantee Department on the possible provision of a £30m-£35m export credit guarantee line to finance the Belfast assembly plant's production and inventory until a predicted sales upturn in March.

Sales have slumped sharply in the past two months and output has been halved to 200 a week in the face of mounting cash flow difficulties.

It is understood, however, that talks between senior De Lorean executives and the ECGD on Monday did not lead to an outright rejection. The outcome, or indeed whether some other Government source of further finance may be provided, is expected to depend on the initial conclusions of the review.

This is being undertaken urgently and the De Lorean board is to meet senior Northern Ireland officials this morning. Mr John De Lorean, the company's chairman, and his board will meet in the afternoon.

The decision by the De Lorean board in December to award performance bonuses totalling $760,000 (£401,000) to senior staff is regarded as particularly insensitive in Government circles.

De Lorean has said the bonuses will not be paid until the company can finance them itself, but the issue follows earlier friction, in particular over the structure of the company's planned $12m share flotation in the U.S.

This has been abandoned for

Continued on Back Page

Editorial Comment, Page 22

U.S. cash injection for Laker

BY ALAN FRIEDMAN

McDONNELL DOUGLAS and General Electric of the U.S. are to inject £5m in cash into Laker Airways. Their investment may eventually be translated into shareholdings of between 10 and 20 per cent of the airline.

McDonnell Douglas is the U.S. aircraft maker which sold 11 DC-10s to Laker Airways. General Electric makes DC-10 engines.

The shareholdings, which will dilute the equity held by Sir Freddie Laker and his former wife, emerged last night as one of the key elements of the survival package now being concluded among Laker's bankers and aircraft makers.

Bankers involved in the Laker survival package said negotiations on the sale of the airline's three A-300 Airbuses would open shortly. Contracts which the airline had signed for package tours and charters in the summer would be met even if the Airbuses were sold before then.

In addition, Laker Airways has cancelled its option to purchase seven more Airbuses. If necessary, the airline will use DC-10s on its European routes.

Bankers agreed last night that Laker's European charters were a potential source of profit, but said the burden of the $131m (£69m) Airbus debt had proved too great. The sale of all three Airbuses was necessary for the survival of Laker Airways.

McDonnell Douglas confirmed that it expected to be "a financial participant" in the airline but declined to specify its exact commitment.

McDonnell Douglas and General Electric will receive redeemable preference shares in return for their cash injection.

"Laker has offered us a seat on the board, but we have not made a decision yet," said McDonnell Douglas.

It was also learned last night that the airline had paid $6.7m (£3.5m) of interest owed to the Midland-led Airbus syndicate on January 12.

Laker will also be paying $11m of interest owed to the DC-10 syndicate led by the U.S. Export-Import Bank (Eximbank) when this instalment falls due in March. This payment is expected to come partly from cash reserves and partly from the McDonnell Douglas - General Electric cash injection.

At Samuel Montagu, Laker's merchant bank, Mr Ian McIntosh, a managing director, said last night that discussions on the survival package would continue for two to three weeks before details are settled.

Short Brothers cuts workforce, Page 8

Coca-Cola offers $778m for Columbia Picture

By Ian Hargreaves in New York

COCA-COLA, the U.S. company which dominates the world soft drinks business, yesterday agreed to pay $778m (£411m) in cash and stock for Columbia Pictures, one of the largest Hollywood film companies.

The deal represents the first major diversification for Coca-Cola in its almost 100-year history. If it goes through as planned, it will make the drinks company a significant presence in radio and television as well as in motion pictures.

Mr Roberto Goizueta, Coca-Cola's Cuban-born chairman, said the deal would give his company "a strong entry in an industry which in our judgment presents opportunities for significant growth in future years, particularly in the area of film entertainment and programming for cable and pay television."

Columbia would continue to be run as a separate entity under its existing management, he said.

The offer involves Coca-Cola paying $32.625 in cash and 1.2 of its own shares for each of Columbia's 9.4m shares. On Coca-Cola's closing price before the announcement the offer is worth more than $77 a share, compared with Columbia's closing price on Monday of $41⅞.

According to analysts, institutional investors were reacting negatively to the deal on the grounds of the high price Coca-Cola has offered and their feeling that the company's sound performance over many years will not be helped by exposure to a cyclical and risky activity like films. Coca-Cola stock reopened after the bid down $2 at $32¼.

However, Columbia is considered on Wall Street to be one of the best motion picture companies, partly because it has done quite well at the box office lately and is expected to score a major success with its forthcoming film of the musical Annie, and also because it has made sensible use of its opportunities in the booming cable TV, pay TV and video industries.

Columbia is in the process of buying Outlet, a company based in Providence, Rhode Island, and which owns five TV stations.

£ in New York

—	Jan. 18	previous
Spot	$1.8800-8905	$1.8610-8640
1 month	0.23-0.19 dis	0.25-0.22 dis
3 months	0.32-0.27 dis	0.46-0.41 dis
12 months	0.10 dis-nil	0.50-0.40 dis

Heron injunction to stop à Court controlling ACC

BY JOHN MOORE

THE most bizarre battle for control of a British public company began last night. Heron Corporation, one of the UK's largest private businesses, headed by Mr Gerald Ronson, gained injunctions from the English courts to stop the Australian entrepreneur, Mr Robert Holmes à Court, gaining control of Associated Communications Corporation, Lord Grade's entertainments empire.

"The whole situation is wide open for other bidders," Mr Ronson said last night. "We are considering a number of situations as far as this company is concerned. So far I feel the board of ACC has had a pistol held to its head."

Heron Corporation, with interests in petrol retailing, motor vehicle distribution, property, watches and insurance, was granted injunctions last night by Mr Justice Nourse in two legal actions. Both injunctions last until Friday, January 22.

Under the first injunction the Independent Broadcasting Authority, which needs to give its approval to a company taking over effective control of a UK television franchise, is restrained from approving the £36m offer for shares in ACC made by The Bell Group, the Australian master company of Mr Holmes à Court.

Heron said last night that any transfer of ordinary voting shares of ACC is by virtue of its articles of association subject to the approval of the Authority.

In the second injunction ACC and each of its directors including Mr Holmes à Court are restrained from approving or effecting any transfer of ordinary voting shares in the caiptal of ACC.

Mr Ronson indicated last week that he is prepared to offer £42.5m for ACC but that any deal would depend on an investigation into the company's affairs. He initially sought Mr Holmes à Court's acceptance of the deal. Any agreement would depend on whether Mr Holmes à Court was prepared to pass his stake to Mr Ronson's group.

Before Heron's surprise move, Mr Holmes à Court had looked certain to gain control of ACC. An injunction brought by Mr Jack Gill, the group's former managing director, who left after a boardroom rift with Lord Grade, to stop directors' transferring their shares to Mr Holmes à Court was not continued by a judge.

Mr Holmes à Court was set to control more than 60 per cent of the voting shares. He already controls more than 51 per cent of the non-voting shares of ACC.

Another contender for ACC was Mr Robert Maxwell, chairman of BPC, formerly the British Printing Corporation and now part of Pergamon Press.

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Grade's 'ultimatum,' Page 6

Reagan may double tax on petrol and alcohol

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT Ronald Reagan is to double excise taxes on petrol, alcohol and tobacco and is considering imposing new taxes on luxury items, according to officials in the U.S. Administration and Congress.

However, the President is reported to be examining plans to make the tax increases part of a broad shift in responsibility for public spending from the federal to state and local governments. This could help dispel some of the political embarrassment a straight tax increase would involve.

Mr Reagan has maintained for a long time that Washington should return much power to the states as part of what he calls "the new federalism."

The plan is thought to include handing over control for about 40 federal spending programmes in education, transport and welfare to local governments.

These would be financed through a new "trust fund" which would receive the estimated $8bn (£4.25bn) in revenue raised by doubling excise taxes, any other tax increases and the $8.7bn now allocated by the federal government to subsidise local spending programmes.

However, the total cost of the programmes handed over is likely to be considerably higher than the federal revenue provided. Thus the plan could bring big reductions both in the overall federal budget deficit and in the level of social provision.

There has been no official

Continued on Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Treasury 15½% '85	£98¼	+ 1
Exch. 12% 2013-17	£84	+ 1½
AGB Research	277	+ 7
Aitken Hume	185	− 20
Bass	204	+ 6
Blue Circle	524	+ 10
British & C'wealth.	345	− 13
Cable & Wireless	234	+ 8
Caledonia Invts.	315	+ 17
Chemring	275	+ 7
Dixons Photo.	165	+ 7
Eagle Star	334	+ 13
Glaxo	466	+ 12
Grand Met.	190	+ 9
GKN	176	+ 6
Hambro Life	326	+ 9
Hawker Siddeley	326	+ 10
ICI	320	+ 6
Lucas Inds	231	+ 9
Magnet & Sthrns.	146	+ 6
Mercantile House	412	+ 14
Midland Bank	346	+ 14
Peters Stores	82	+ 6
Plessey	362	+ 12
Reed Int.	266	+ 14
Royal Bk. Scotland	123	+ 3
Sidlaw Inds.	243	+ 15
Standard Tel'phones	463	+ 15
Tarmac	416	+ 14
Trusthouse Forte	121	+ 6
Grootvlei	409	+ 22
Meekatharra	190	+ 7
MIN Holdings	175	+ 7
Poseidon	125	+ 8
FALLS:		
Bank of Scotland	470	− 10
British Cine. Th'trs.	43	− 7
MEPC	214	− 11
MFI	57	− 4

CONTENTS

Soviet gas output increases as oil production falls

BY ANTHONY ROBINSON, EAST EUROPEAN CORRESPONDENT

SOVIET GAS production broke all records last year while oil output fell marginally below target.

Last year's 6m-ton increase in oil and gas condensate output to 609m tons was just under 1 per cent and marginally below the already downgraded target of 610m tons.

The cost of production increased sharply, reflecting the fact that eight tons of new oil, mainly from wells in Western Siberia, are now required to produce a one-ton net rise in production because of the rapid decline of output from older wells.

At the same time the net exportable surplus declined because the 6m-ton increase is believed to be less than the rise in Soviet domestic oil consumption.

The Soviet Union has said it intends to cut by 10 per cent its oil deliveries to the Comecon bloc starting this year. It originally promised to supply 80m tons of oil a year to its six East European Comecon partners throughout the five-year plan period to 1985.

Poland is believed to be an exception, however, and the Soviet Union has undertaken to increase its supplies to 16m tons this year from the 13m originally promised. This covers virtually all the Polish import requirement. Before the military takeover, the country needed to import more than 3m tons a year for hard currency.

Meanwhile Soviet exports to the West have also fallen due to the squeeze on supplies.

Soviet gas production last year rose 1.6 per cent above the already ambitious 9 per cent targeted increase to 465bn cu metres, compared with a target of 458bn cu metres.

Gas output is planned to rise to 630bn cu metres by 1985. More than 40bn cu metres a year is scheduled to flow to Western Europe through the Siberia-West Europe pipeline. The pipeline's completion date has been put in doubt by U.S. sanction moves.

Total Soviet energy exports to the developed Western countries were an estimated 72 per cent of hard currency earnings from these countries last year, although the volume of Soviet energy exports to the West dropped by 10 per cent, according to Western estimates.

Eanes . . . condemned

President's threat stirs Portugal's politicians

By Diana Smith in Lisbon

A FURORE has erupted in Portugal over the revelation that President Antonio Ramalho Eanes might resign and run as Prime Minister, if the power of the presidency is reduced in the forthcoming constitutional review.

The news was bitterly condemned by both the ruling Democratic Alliance, led by Sr Francisco Pinto Balsemao, and by the Socialist opposition. It was described as anti-democratic and an attempt to put pressure on the MPs who are reviewing the Marxist-leaning constitution.

Under that constitution, the President can veto legislation, dissolve Parliament, call new elections and appoint a Prime Minister.

In order to run for Premier himself—a step not envisaged by the constitution—Gen Eanes would have to call an election and form his own political party. His backers have been taking soundings to try to gauge the degree of grass-roots support for a presidential party.

President Eanes's second term of office expires in 1985 and he cannot run again. While most observers feel he is just testing the water now, the implications of his move are serious.

The Balsemao government is unpopular and is struggling to cope with a $10bn foreign debt — equal to half the annual GDP — stagnant productivity, shaky investment, and a heavy bill for oil and food imports.

Opinion polls suggest that Gen Eanes is the only political figure to command widespread respect from a public fed up with the intrigues and bluster of civilian politicians.

The potential size of a centre-left presidential party, should Gen Eanes decide to form one, would cause serious alarm among the small but diehard civilian and military extreme right.

Gen Eanes's move comes at an awkward time. The Portuguese Communist Party, whose massive vote helped return him to power for a five-year term in 1980, has been energetically agitating for the fall of the Balsemao government by means of strikes and mass rallies. It wants an early election called this year.

W. Germany to begin building uranium plant

BY KEVIN DONE IN FRANKFURT

CONSTRUCTION of West Germany's first uranium enrichment plant will begin in the spring, about two years behind schedule. It is the final stage of the Anglo-Dutch-German agreement to establish their own independent uranium enrichment facilities.

Under the Urenco joint venture, the three countries are building an initial capacity of 2,000 tonnes of uranium at three centres: Capenhurst on Merseyside in the UK, Almelo in the Netherlands and Gronau in West Germany near the Dutch border.

The West German partner in the venture, Uranit—itself a joint venture of Preussenelektra (part of the Veba group) Hoechst, the chemicals group, and Nukem (RWE, Metallgesellschaft, Degussa and Alo Tato Zinc)—has had to wait nearly four years for initial building permission from the state licensing authorities in North-Rhine Westphalia.

In the first phase, the Gronau plant will have a capacity for 400 tonnes of uranium and is expected to be commissioned by the beginning of 1986 at an investment cost of around DM 500m (£115m).

Plants at Capenhurst and Almelo each with a capacity for 200 tonnes of uranium are already in operation and further phases of 400 tonnes at each centre are under construction.

The West German Research and Technology Ministry, which is meeting around DM 500m of the DM 850m West German costs, said the total cost of establishing a joint capacity of 2,000 tonnes would be around DM 2bn (£460m). This stage should be reached by 1986-87. This capacity is already sold and further expansion of the Urenco joint venture will depend on market demand.

The project is important for West Germany, which is trying to increase the security of its energy supplies. At present it is gaining about 50 per cent of its uranium enrichment services from the U.S. and 50 per cent from the Soviet Union.

It is aiming by 1985 to cut the U.S. and Soviet shares each to about one-third, with the final third coming from Urenco.

Gronau has been designed for a capacity of 1,000 tonnes which would be enough to meet the demands of nuclear power stations with a combined capacity of around 7,900 MW. West Germany currently has some 9,000 MW of nuclear power station power capacity in operation and expects to have commissioned a total of some 18,000 MW by 1985.

Warsaw leaders face test as price rises are prepared

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S military authorities are gingerly preparing to increase the prices of food and heating in the awareness that similar attempts have led to working class strikes and demonstrations three times since December 1970.

The Government's economic committee has tentatively set February 1 as the date for the introduction of the rises in an "open letter to society" published in the Press yesterday. But it is by no means certain that the proposed increases and payments to compensate for the rise in the cost of living already published are the ones which will ultimately be introduced.

The brief rise will be the first major test for the martial law authorities since they crushed resistance to banning of trade union and other freedoms and the internment of Solidarity activists after December 13.

Even if workers do not respond immediately to the introduction of the rises, strikes may break out later as the drop in the standard of living is felt.

Martial law is likely to be maintained at least until the workers come to accept the price increases. In a set of proposals published yesterday, the authorities reduced the planned rise in the price of gas, heating and electricity and have decided to increase pay to compensate for the rises.

Officials say this means the price of electricity and central heating will still be below production costs.

According to Professor Zdzislaw Krasinski, the Prices Minister, the average rise in the cost of living as a result of the price increase, as set out at the beginning of the year would have been ZL 1,200 (£8) per month. This will have dropped a little with the reduction in the proposed price rise of heating, light and gas. The average monthly wage in industry last year was about ZL 7,000.

Reuter reports from Warsaw: The Polish Communist Party's official newspaper said yesterday martial law had not halted party activities, and preparations were going ahead for a plenary session of its central committee to discuss the country's future.

Trybuna Ludu also published an article that appeared to rehabilitate Mr Wladyslaw Gomulka, a former party leader, who was deposed in 1970 following bloody riots over price increases. The newspaper described 76-year-old Mr Gomulka, now retired, as "an arduous internationalist and a patriot-communist."

The newspaper devoted a front-page editorial to the forthcoming seventh plenary session of the party's 200-member central committee, the first since the military clampdown.

The article, quoted by the official news agency PAP, said the central committee meeting, for which no date has been announced, was expected to "sum up a certain important phase in party work."

This was "a phase of struggle for the party's identity, and for national agreement, a struggle waged under very difficult political conditions and against an opponent ready for anything," the paper said.

Trybuna Ludu said all central committee members were preparing for the plenary session, which would have to answer questions about the future of both the party and the country.

This showed that martial law had not imposed unnecessary limitations on party activities, it added.

'Ecologists' fire rockets at French N-reactor

BY DAVID WHITE IN PARIS

A MAN yesterday claimed responsibility on behalf of a group of "pacifist ecologists" for an extraordinary attack on the Superphénix fast-breeder nuclear reactor, under construction on the Rhone, east of Lyons.

At least five anti-tank rockets were fired across the river in the direction of the reactor, just before midnight on Monday.

Only minor damage—a hole in the metre-thick concrete outer shell—was reported to have been sustained by the structure, built to withstand the impact of a large aircraft crashing on top of it.

Police located the rocket-launcher and tripod on the far river-bank. The apparatus was said to be of Soviet manufacture, of a type produced in the 1960s.

Two years ago, a Soviet-made rocket-launcher was believed to have been used in a brazen series of daylight attacks on Ministry buildings in central Paris. These attacks were claimed by "Direct Action," a shadowy far-Left group, often thought to be linked to the Italian Red Brigades, which the French police had supposedly dismantled only a few weeks before.

The Superphénix reactor, the commercial prototype for the French fast-breeder programme, has long been a focus of anti-nuclear protests. In 1977, a demonstrator was killed by a grenade blast during a clash with riot police at the Creys-Malville site.

Last March a group of French scientists published a pamphlet entitled "Plutonium-on-the-Rhone," fiercely criticising the fast-breeder venture.

The FFr 8bn (£14bn) complex, being developed in partnership with European electricity companies, is expected to start operating early in 1984. Construction of the exterior of the 1,200MW reactor is virtually complete. The site is heavily guarded by police.

Bankruptcies soar by 20%

BY OUR PARIS STAFF

COMPANY bankruptcies soared by 20 per cent in France last year to reach an all-time record of nearly 21,000. The official statistics body, Insee called it "the blackest year" for insolvencies since 1978, when the total rose by 13 per cent. But it said the trend since the beginning of the autumn had pointed to "a certain levelling-off."

Last year's rise was particularly acute in industry, which lost 4,200 companies, an increase of 31 per cent over the previous year. The failure rate for industry reached 1.9 per cent, compared with 1.4 per cent overall.

Industrial services were badly hit, with a 27 per cent increase in the number of bankruptcies. But transporters, builders, hôteliers and restaurant-owners fared rather better.

Despite the overall improvement since September, Insee said that December figures showed a resurgence.

The bankruptcy rate has been on the rise in France for the past four years. But an increase of last year's proportions has not been since 1975, in the aftermath of the first oil crisis.

Christopher Bobinski, in Warsaw, assesses Glemp's attempts to win reforms

Polish Church manoeuvres in subtle game

"SOME WOULD like the Church in Poland to go to the barricades, but there's little chance it's going to make that mistake," an influential church adviser said recently.

Indeed, Archbishop Jozef Glemp, the head of the Church, seems to have chosen a policy of working by stages to salvage as much as possible of the freedom gained since the Gdansk agreement of August 1980 and lost with the introduction of martial law on December 13.

Mgr Glemp's policy assumes that General Wojciech Jaruzelski, the Prime Minister, is sincere in his promises to continue with reforms. It aims at helping him stick to his word. It accepts that the establishment contains some figures who are even more hard line than Gen Jaruzelski and are keen to screw the clamp a little tighter.

Church policy accepts that martial law was introduced as a show of force designed to mask the weakness of a Communist system which had become discredited in the eyes of the population.

Having taken the risk of rolling out the tanks, the last thing the authorities will want to do is to make concessions under pressure, the Church assumes. By calming the popular mood, the Church is giving Gen Jaruzelski the chance to get on with easing restrictions.

Mgr Glemp admitted to a recent visitor from the U.S., Senator Larry Pressler, that he feared discontent in Poland may explode into civil war. This could occur, for example, against the forthcoming price increases. The risk of bloodshed is ever present in church thinking.

The Church's style is to put demands in private talks with the authorities and only speak out when results are slow in coming. "There must be pressure, but it has to be moderated," church advisers argue.

Thus in a sermon last Sunday in Warsaw, Mgr Glemp spoke out against continuing arrests, "even though so many internees are waiting to be freed." He criticised the sacking from the Communist Party and industry of those deemed disloyal and the military authorities' policy of forcing people to sign loyalty pledges.

He called on the authorities to put forward a "plan of action" for a way out of the present situation. But he also called for dialogue and unity, for conciliation and a change of heart and he offered the services of the Church in restoring contacts between rulers and ruled.

The future of Solidarity is a central issue for the Church. But here the Church is taking the line that the union, when it resurfaces, must shed its political ambitions, rethink its future policy and stick to union tasks. Indeed the defiance of Mr Lech Walesa, the Solidarity leader, and other members of the union leadership still interned is something of an embarrassment, as Mgr Glemp admitted to Mr Pressler.

The fact that there is little sign of such a rethinking of policy by Solidarity is holding up talks on the issue. In any case, the Church has reportedly got the authorities half way to agreeing to hand Mr Walesa over.

"The idea is that he would stay somewhere in the country on Church property with a discreet official presence," a church source says. "His list of visitors would be agreed with the authorities."

But talks are going slowly in Warsaw for another reason. The Nato demand that Solidarity be restored has complicated matters. The issue, church advisers reason, has become a point of honour between the two blocs. That makes official concessions difficult.

Meanwhile, formal contacts are being re-established between Church and State. The high level mixed commission meets this week for the first time since martial law. The State is expected to announce at the meeting that it is backing off in its loyalty pledges campaign.

The meeting between Mgr Glemp and Gen Jaruzelski on January 9 signified mutual recognition and broke the isolation of the military authorities. Last Sunday, Polish radio resumed broadcasts of mass, another sign of normalisation.

The Church takes the view that if progress cannot be made on the Solidarity issue, then it is willing to try to resolve other problems.

This week, the Bishops' conference is due to meet in Warsaw for the first time since the clampdown. They will report on developments throughout the country and some of the more radical churchmen like Bishop Ignacy Tokarczuk from Przemysl and archbishop Henryk Gulbinowicz from Wroclaw will press for a toughly worded communique. Even if this is issued, the main lines of a moderate Church policy have already been decided.

Later in the week, Bishop Bronislaw Dabrowski, the secretary of the Bishops' conference is due to travel to Rome to report to the Pope, who will then have to decide whether prospects for improvement in Poland are good enough for him to tone down his recent outspoken statements about the situation there.

There is a risk that the Church could be outmanoeuvred in this subtle game to regain lost ground. But the Church has another important way of bringing pressure to bear on the authorities, because this year is the 600th anniversary of the installation of the holy picture of the Black Madonna at the shrine of Czestochowa. The significance of the shrine and the picture itself in Polish national consciousness cannot be underestimated. The annual ceremonies at the shrine, which culminate in August, normally attract hundreds of thousands of worshippers. This year, there will be millions.

Before martial law was imposed, the authorities had agreed that the Pope should visit Poland for the ceremonies. Now that decision is open to review. A ban on the Pope's visit would weaken the authorities' position. But, if he came he would have to meet with officials and would thus bolster their position. The prospect is a tempting one for the authorities.

Another factor the authorities do not have in mind is that Poland's conscript Army is made up to a great extent of young men from the countryside, where church influence is strongest.

The Army has stayed together as a disciplined force because, by and large, it has not been ordered to take direct part in repressive action. This role has been left to special police riot battalions. The mix of discipline, propaganda and fear of disobeying orders has kept the Army together and in control of the situation. But a frontal clash with the Church could undermine that. It is a risk the authorities are loath to take.

Meanwhile, the Church is busy helping people who have suffered from martial law. In the grass-roots level, Mgr Glemp has told Bishops to set up aid-to-internees committees in each diocese. Some parishes are taking responsibility for local families, members of which have been imprisoned or arrested.

In addition, there are masses for the interned. Last Sunday, for example, the St Stanislaw Kostka Church in Warsaw held such a mass. It was well attended and showed the people care. That mood, plus church support, is a difficult combination for the military authorities to beat.

Archbishop Józef Glemp: Church policy accepts that martial law was introduced as a show of force to mask Communist system's weakness.

Carrington warning over debts

BY OUR FOREIGN STAFF

POLAND WILL receive no Western help in rescheduling its $2.1bn of its official debt falling due this year until it lifts martial law, frees those arrested after the December crackdown and starts a dialogue with the Solidarity union and other opposition groups, Lord Carrington, the British Foreign Secretary, said yesterday.

Speaking to the Commons Foreign Affairs Committee in London he established a direct linkage between Western aid and democratic progress in Poland. Last week Nato foreign ministers had merely said that negotiations on Poland's debts would be suspended.

He also made it clear that Britain and other Western countries had reservations about Poland joining the International Monetary Fund under present circumstances.

"There is no need to make a decision of whether we oppose (this)," he said. "If things move and we get a response, our attitude might change." Poland applied to join the Fund in November, a process usually completed within a year.

This position by Western Governments could bring it into conflict with bankers who would welcome Poland being required to submit to the IMF's disciplines. He guessed that the most Poland could look for from the IMF would be $3bn spread over as long as five years, which would be "comparatively small" in relation to its total debt.

Lord Carrington said that the West would be raising the question of Poland at ministerial level with the Eastern bloc in Madrid on February 9 when the protracted Helsinki review conference is to resume. Nato's own precise response is to be settled in Brussels where top economic officials are to start talks on Saturday.

Future sanctions would be concentrated against the Soviet Union, said the Foreign Secretary. Though relatively unoptimistic about the effect they might have, he said that the West had succeeded in sending a signal to Moscow, as it had after the Soviet invasion of Afghanistan.

Spain plans electronics industry

By Robert Graham in Madrid

AFTER LENGTHY delays a 10-man commission was inaugurated formally yesterday to draw up Spain's first national electronics plan. Despite many public statements on the necessity of developing a coherent electronics industry in Spain this is the first tangible evidence of movement.

The commission, led by Sr Jose Angel Sanchez Asiain, head of the Banco de Bilbao, will attempt to balance the closely interlocking interests of the public and private sectors and try to establish those areas where Spanish concerns can operate either through developing indigenous technology or through licensing agreements with foreign manufacturers.

Spanish industry presently covers around 22 per cent of total needs in this sector, valued at Pta 298bn (£1.6bn). The principal clients are Telefonica, the national telephone monopoly, the Defence Ministry and the social security services.

One of the basic problems until now has been that Standard Electrica and Marconi, the main electronics companies, have been largely dependent for orders on Telefonica, which is also a shareholder. For the past two years they have been in difficulties because Telefonica's development plans have been either delayed or reduced. Latterly the state holding company, INI, has earmarked this sector as a priority and will play an important part in the commission.

Irish to increase spending

BY BRENDAN KEENAN IN DUBLIN

IRELAND'S PUBLIC sector pay and pensions bill will rise by 18 per cent this year, according to pre-budget estimates from the Department of Finance. The total current spending will top I£5bn (£4.1bn) for the first time, an increase of 16 per cent on the 1981 figure.

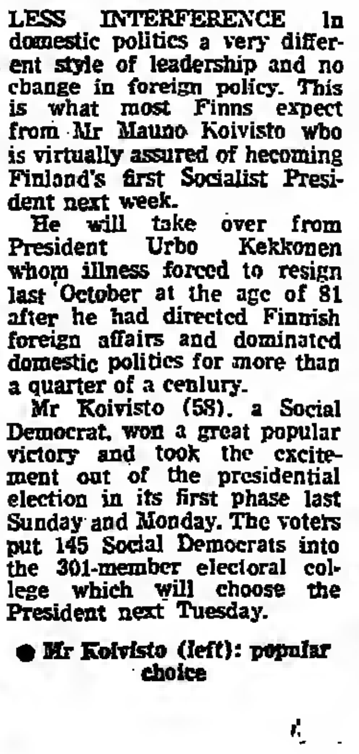
The estimates show the difficulties facing the Government in next week's budget in trying to close the current deficit, now running at over I£800m (£655m) a year.

The 16 per cent increase comes in spite of the Government's assumption that there will be no special pay increases in the public sector this year and its plans to cut subsidies to local authorities the state transport service, and private health patients.

The estimates also signal a return to some form of charging by local authorities following the abolition of domestic rates by the previous Government. Local councils will have to raise I£14m (£11.5m)

Diffident Koivisto promises Finns change of leadership style

BY WILLIAM DULLFORCE, NORDIC EDITOR, IN STOCKHOLM



LESS INTERFERENCE in domestic politics a very different style of leadership and no change in foreign policy. This is what most Finns expect from Mr Mauno Koivisto who is virtually assured of becoming Finland's first Socialist President next week.

He will take over from President Urho Kekkonen whom illness forced to resign last October at the age of 81 after he had directed Finnish foreign affairs and dominated domestic politics for more than a quarter of a century.

Mr Koivisto (58), a Social Democrat, won a great popular victory and took the excitement out of the presidential election in its first phase last Sunday and Monday. The voters put 145 Social Democrats into the 301-member electoral college which will choose the President next Tuesday.

● Mr Koivisto (left): popular choice

After the result became clear on Monday evening, Mr Kalevi Kivistö, the People's Democrats candidate, said he would back Mr Koivisto in the college. Mr Aarne Saarinen, the Communist Party leader, added his endorsement. The People's Democrats are an alliance of the Communists and Left Socialists. Mr Koivisto needs the support of only six of their 32 electors to secure the presidency.

There has been much speculation about how his election would affect Finland's crucial relations with the Soviet Union, with whom he has little experience in dealing although he speaks Russian. The President directs foreign policy and Dr Kekkonen has been a master at conducting business with Moscow.

The Soviet Union has regularly referred to the necessity of maintaining the good relations based on the 1948 treaty of friendship and co-operation and Dr Kekkonen's policies. Mr Koivisto has carefully agreed, as have the other seven presidential candidates.

For Moscow, however, he is probably something of an enigma. His habit of thinking aloud and of pursuing an idea for its intellectual rather than political interest can present problems.

The election is a severe setback for the non-Socialist parties who traditionally enjoy a parliamentary majority and took 58 per cent of the votes in the 1979 general election. The Left polled more than 54 per cent in the presidential poll.

The non-Socialists had hoped to get enough electors into the college to stop Mr Koivisto on the first and second ballots and to horse-trade their way to a common candidate who could beat him on the third ballot.

They tried to scare their regular voters into line by warning that Mr Koivisto could capitalise on his victory by calling a general election which would sweep the Left into power. He himself, repeated on Monday that he hoped the present Centre-Left Government, of which he is Prime Minister, could be reconstituted and continue in office until the election due in 1983.

Mr Koivisto's unexpectedly large win is due to his personal standing with the electorate. His candidates to the electoral college pulled in more than 43 per cent of the vote; in the last general election his Social Democrat Party—Finland's biggest—polled only 24 per cent.

Most commentators agree that it could not hope to repeat this performance in a general election.

Mr Koivisto's close rapport with the public has many ingredients; most of them stemming from the difference between his personality and that of Dr Kekkonen.

The old President is still highly respected but Finns have indicated a desire for a change from his severe paternal control.

Mr Koivisto has an impeccable Socialist background. He was a working class boy who, after working in the docks, won himself a university education. He gained his Ph.D. on a thesis about social conditions in the Port of Turku. On the other hand he has never held important positions in the party. Is not a dogmatist and shows an open, enquiring attitude to political problems. He does not force his views through but has learnt to compromise in two spells as Prime Minister, in a coalition.

As Governor of the Bank of Finland in the 1970s he expounded policies which frequently exasperated his party colleagues in the Government but which were influential in Finland taking a course that departed, for example, from that adopted by neighbouring Sweden.

At the cost of larger unemployment than the Swedes would tolerate, the Finnish economy recovered more swiftly from the recession of the mid-1970s. The public learnt to appreciate Mr Koivisto's frankness and economic realism.

As important perhaps for his popularity has been his ability to avoid the image of a professional politician. A tall, thin gangly figure, with a rebellious lock of hair over his forehead which is said to charm women voters, he has a diffident public manner which could scarcely be in greater contrast to that of Dr Kekkonen.

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Renewed German effort to make oil and gas from coal

By Kevin Done in Frankfurt

A NEW era for the production of gas and oil from coal in West Germany has been ushered in with the decision by the country's dominant lignite producer, Rheinbraun, to build the country's first commercial-scale gasification plant using modern technology.

The project is going ahead without any state subsidy from Bonn, and the company maintains that the DM 600m plant —it will convert lignite into synthesis gas as feedstock for the production of methanol, an important base petrochemical—is already commercially viable compared with existing processes based on natural gas and fuel oil.

The Rheinbraun move is as yet only a modest beginning. A return to the heyday of coal conversion reached during the years of the Third Reich—in 1940 the country produced around 5m tonnes of oil products from coal and lignite—is hardly yet in sight.

With coal as its only major domestic energy resource, however, West Germany has little choice but to continue to give it first priority in its energy plans. Bonn is still planning to spend around DM 2bn on promoting coal gasification and liquefaction in the years up to the end of 1985.

The Government accepts that the volume of oil and gas products to be gained from coal in Germany will have only a *minimal impact, even in the* long-term, on the country's total fuel supplies.

As part of the Federal Republic's overall energy plans, however, schemes for the conversion of coal, particularly into oil products, are seen as one way of opening greater access to foreign coal reserves. Equally, it is hoped that the demonstration of such technology at home will provide a springboard for the country's process plant makers to gain major industrial plant orders abroad in countries where coal can be produced much more cheaply than in Germany itself.

The Federal Economics Ministry is currently considering seven gasification projects put forward by German industry —11 were originally submitted—but pressure on the federal budget and doubts about the merits *of some schemes suggest* that Bonn will finally give state subsidies to no more than three. Final decisions are expected by the early summer.

The Ministry has allocated nearly DM 1bn in its medium-term budget planning for 1982-1985 for the funding of commercial-scale coal gasification projects—DM 40m this year, DM 150m in 1983, DM 300m in 1984 and DM 500m in 1985—although the protracted horse-trading between the parties in Bonn over future public spending cuts could still reduce the scale of this aid in later years.

For the chosen projects the Government has indicated, however, that it will pay up to 40 per cent of the investment costs, or up to 50 per cent in special cases.

In addition, it will offer limited subsidies for the use of domestically produced German coal. It has agreed to pay up to DM 60 a tonne for a maximum period of five years to make up the difference between German and imported coal prices.

Steam coal from the Ruhr is currently costing around DM 239 a tonne (of coal equivalent) compared with DM 157 for Polish, Australian and South African imports and DM 175 for U.S. coal and DM 147 for Canadian coal.

The one project where concrete progress has been made is Rheinbraun's scheme for converting around 2m tonnes a year *of lignite into 1bn cubic metres* a year of synthesis gas (carbon monoxide and hydrogen). Construction of this plant has begun and the first stage should be completed by 1984. By the time it reaches full production in 1988 it should be producing enough gas to manufacture around 350,000 tonnes a year of methanol and will replace the equivalent of 500,000 tonnes a year of crude oil.

Rheinbraun's claim that the DM 600m project is already commercially viable is only possible, however, given the very special configuration of the group's existing lignite processing plants and allied refineries.

The projects that appear most likely to attract federal financial aid are those put forward by Ruhrkohle/Ruhrchemie, Klöckner and Shell, which all involve the testing on *a commercial scale of untried, modern processes:*

Ruhrkohle, the country's dominant coal producer, and Ruhrchemie, owned two-thirds by Hoechst, the chemicals group and one-third by UK Wesseling, have approached the Government for aid to support plans for building a DM 190m plant at Oberhausen in the Ruhr for converting 250,000 tonnes a year of German hard coal into 400m cubic metres of synthesis gas. The gas will be used as a chemicals feedstock.

Klöckner-Werke, the West German steel and mechanical engineering group, has formed the first of a planned series of joint ventures with CRA, the large Australian industrial group, to strengthen its bid to enter the coal gasification market.

It has developed its own iron-bath process for producing coal gas, an industrial gas for burning, which it aims to use at its Bremen integrated steel works to replace much of the natural gas and fuel oil burned at the site. The gas will be used for firing furnaces. Klöckner estimates the costs of the plant at nearly DM 600m. It plans to *gasify imported coal—possibly* supplied by CRA from Australia —producing around 1.8bn cubic metres of gas a year from some 860,000 tonnes of hard coal.

The third project which appears to be winning favour in Bonn is Shell's proposal for building a DM 670m plant at Wilhelmshaven on the North Sea coast for processing 324,000 tonnes of imported coal into methanol. The plant could produce around 600m cubic metres of synthesis gas and 215,000 tonnes a year of methanol. According to Shell, planning the plant could form the first building block of a potentially massive gasification complex for converting up to 5m tonnes of hard coal a year.

Shell has taken an option on a 279-acre coastal site, but there appear to be growing doubts in the company as to whether the time is ripe for embarking on such a massive investment. Within the group there are rival plans for building a coal gasification plant at Moerdijk in the Netherlands to produce a burning gas for use as a power station fuel. Even with full Government backing, the *Northern German* plant would remain "sub-commercial," says Shell.

The location offers one of the few ideal coastal sites in Germany, however, for large-scale coal imports, and the scheme would provide Shell with a first opportunity to test its new coal *gasification technology* on a full demonstration scale.

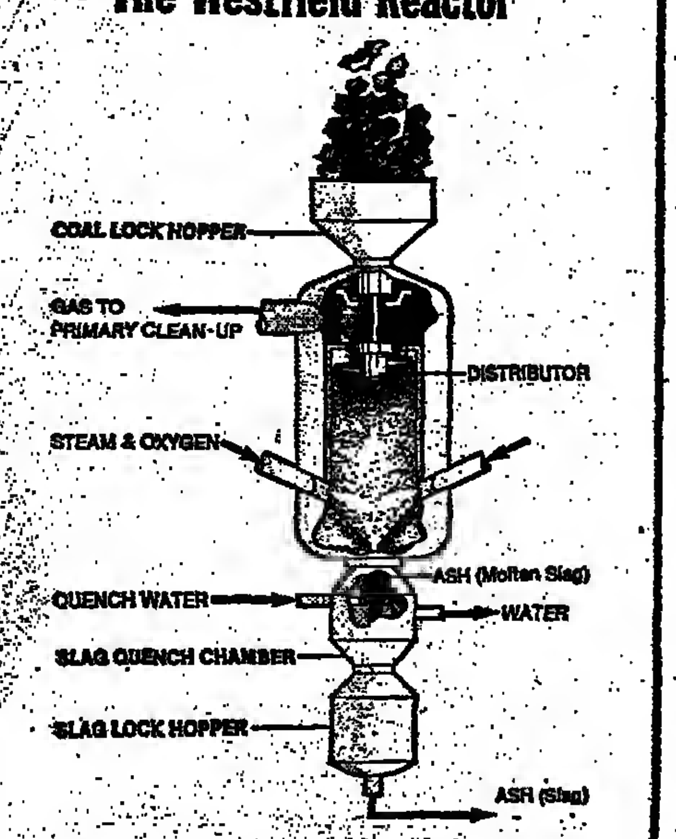
Bonn accepts that the commercial risks of all these projects are *so great* that none will be built, at least in the foreseeable future, without state aid. The Federal Research and Technology Ministry has spent DM 970m since 1973 on supporting coal conversion projects. As a result, Germany has seven gasification pilot *plants in operation, a further* one in construction, and two coal liquefaction pilot plants (built by Ruhrkohle/Veba and Saarbergwerke/Deutsche BP) were commissioned last year.

The Research Ministry has itself earmarked some DM 950m for the years 1982-85 for coal conversion R and D, but most of this will help to fund the further development of coal liquefaction processes, which are still a long way from commercial realisation. As Bonn points out: a litre of petrol from German coal would today still cost nearly twice as much to *produce* as a litre of petrol refined from crude oil.

West Germany's main hopes for large-scale projects abroad are being concentrated on Australia.

In a joint DM 10m German/Australian study Lurgi, Rheinbraun, Ruhrchemie, Ruhrkohle, *Salzgitter* and Uhde joined with the consulting firm Imhausen to prepare a study, published in November, into the potential for coal liquefaction in Australia, hoping to open up a big new market for German coal technology. Massive investments will be needed, however, before the huge coal and *lignite* reserves in Queensland, New South Wales and Victoria could be exploited in this way, and the West Germans are also running into other problems. The Japanese are also pushing hard for a stake in this new market and have captured the first trick from the Germans by already starting construction on their first pilot plant in Victoria.

The Westfield Reactor



Britain extends its lead in slagging gasifiers

"THE BEST process currently available in the world for the manufacture of substitute natural gas from coal," is how Sir Denis Rooke, chairman of British Gas, described its new gas-making technology to the Parliamentary and Scientific Committee.

This technology is the inelegantly-named slagging gasifier, where Britain has taken a 40-year-old German gas-making invention and adapted it into a much more versatile process for making substitute natural gas (SNG).

The latest demonstration of the slagging gasifier took place last month, when engineers from a dozen countries were invited to British Gas's Westfield Development Centre in Scotland to see and hear—for it rumbles and roars impressively—a 6 ft diameter reactor processing coal at the rate of over 300 tonnes a day.

Already a record-breaking run has been achieved by the reactor, recommissioned last summer. But the engineers were aiming for what they call a "long demonstration run" of up to three months of uninterrupted operation. In fact, they achieved 90 days of operation with some interruptions due to causes outside the slagging gasifier *itself*.

British Gas is offering licences for plants making SNG from coal, of which the slagging gasifier would be the first and most crucial stage. It is proposing reactors of up to 8 ft diameter, gasifying up to 600 tonnes of coal a day. And it is offering "full commercial guarantees."

According to Mr Ray Sharman, director of British Gas's International Consultancy Service, the Westfield reactor is the only plant of its type in the world. "I think we are at least four years ahead of our competitors." The project has cost £30m over eight years. Of this total, the current development programme accounts for about £14m. The cost is being shared between the EEC (40 per cent), British Gas and Lurgi.

The technology began before the Second World War, in the laboratories of Lurgi, a German company, now the engineering division of Metallgesellschaft. Lurgi developed a fixed-bed gasifier to convert the extensive lignite (brown coal) deposits of what now is East Germany. After the war Lurgi turned to *the hard Ruhr coals* but ran into technical and economic difficulties with its technology.

Britain's gas industry picked up the technology with the idea of trying it under "slagging" conditions, which is to say that the industry believed it could operate it hot enough to melt the non-combustible part of the coal to a molten slag, which would not clog the reactor. This was first done on pilot-plant scale at the Midlands research station of British Gas in the early 1960s.

On a development programme largely underwritten by U.S. contracts, British Gas revived the technology in the early 1970s. Westfield, formerly a "gas works" making old-fashioned town gas by the Lurgi process, was transformed into a development centre. One of its gasifiers was extensively modified into a demonstration slagging gasifier.

The original reactor was relined, to resist the higher operating temperature, reducing its internal diameter from 9 ft to 6 ft. Beneath the reactor British Gas engineers have added a sophisticated system for *tapping the slag. The complete* gasifier, including its coal feed, is shown in the accompanying sketch.

Dr John Gray, director of research at British Gas, describes the trial as a "real-life demonstration" with British coal. The system is proving remarkably robust, he claims.

Interruptions through minor breakdowns of ancillary plant have not upset the overall performance of the reactor, which can be started from "empty" to produce gas in only four hours. It can be shut down to "hot standby" in minutes, held in this state for at least 48 hours, then restarted. This is the kind of cycling expected of a production process required to keep up the pressure of gas supplies.

Meanwhile, another of the four original Lurgi gasifiers at Westfield is being modified to make a much bigger slagging gasifier, of 8 ft diameter, capable of consuming more than 500 tonnes of coal a day. The corporation expects to have this in operation by the end of 1983. And it is hoped to find ways of using the gas, rather than flaring it, as is being done now.

A third Westfield gasifier is to be developed into a different version of the slagging gasifier when funds are available. The aim here is a reactor capable of handling run-of-mine coal, which with the most advanced methods of mechanised mining can contain up to 50 per cent of coal dust (or fines). For some while British Gas researchers have had ideas for a composite gasifier combining in one rather complex reactor the features of both fixed-bed (Lurgi) and entrained-bed gasifiers.

The composite gasifier has now been abandoned. In its place is a plan for an experimental coal gasification plant at Westfield. At the heart of this plant will be a slagging gasifier which burns high proportions of fines, partly by injecting the coal dust through the feed hopper with lumps of coal, and partly by injecting it through the tuyeres with the oxygen.

For this demonstration a reactor of 3 feet diameter is envisaged, fully-instrumented, consuming about 100 tonnes of coal a day. The gas will be used to optimise later process stages—including gas clean-up operations—in the conversion of coal into SNG. Part of the programme, already in hand, is to determine just how much fines the slagging gasifier can handle in this way.

Inevitably, the slagging gasifier is being questioned as a potential source of environmental pollution. Many may be required in the next century to replace North Sea sources of methane. But Dr Gray is confident that the slag itself—0.55 tonne for every 50 tonnes of coal consumed—will present no problem. It emerges from the water quench as a clean, black, glassy frit.

Research by the corporation's London research station has confirmed that the slag has promising possibilities for the cement industry. Sulphur can also be reclaimed and sold, British Gas claims. Moreover, its experiments suggest that concentrated liquid effluents from such a process can be purified on-site by bio-technology.

By David Fishlock
Science Editor

AMERICAN NEWS

U.S. PRESIDENT'S TRACK RECORD

Reagan keeps on smiling one year on

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

Some souvenirs of the Reagan year: Taking the oath, dismissing air traffic controllers, showing off new boots and welcoming a Senate vote of support on a foreign policy issue.

FOR THE press photographers who cover the White House, Mr Ronald Reagan is one of the best U.S. Presidents ever.

The former cinema actor is an instinctive and enthusiastic performer in front of the camera and is always ready to oblige with a special, highly professional pose. There is just one problem. The photographers' editors are beginning to complain that every single shot shows him smiling broadly, even when he is announcing unpalatable news like budget cuts.

That is part of the man's style —there is nothing he likes better than to be, or at least to appear to be, friends with everyone. But it is also true that in the course of his first year in the White House he has had plenty to smile about. The question that Washington is asking as he starts his second year today is: how long can he keep it up?

Mr Reagan's first 12 months have in many ways been remarkable. He has shown a mastery over Congress that many political experts believed to be no longer possible in an age in which the President's power was thought to have declined in face of the increasingly influential Congressional committees and special interest groups.

Most notably, he has pushed through a highly controversial economic programme, even though the House of Representatives is technically controlled by the Democrats, and scored a stunning last-minute victory against all the odds on the sale of Airborne Warning and Control Systems (AWACs) to Saudi Arabia in the autumn.

He has done it partly by his persuasive charm, partly by exploiting his popularity and television skill to appeal to the nation over the heads of Congress and partly by tough, classical political horse-trading. His cheerful recovery from a painful assassination attempt at the end of March only added to his charisma.

He has shown himself, as Mr James Baker, his Chief of Staff, put it this week, the most "ideological" president of recent years. *This has tended to* make him predictable. With certain exceptions, he has done exactly what he said he would do, and even some of his ideological opponents respect him for it.

In foreign affairs, Mr Reagan has been remarkably adept at getting on friendly terms with other world leaders—although he has yet to try his charm on Mr Leonid Brezhnev, the Soviet leader.

He skilfully escaped from tight corners at the two international summits he has so far attended — the seven-nation world economic summit in Ottawa in July and the 22-nation North-South summit in Cancun, Mexico, in October. At the first, Mr Reagan evaded a public roasting by the Europeans over high U.S. interest rates. At the second he dodged similar treatment from the Third World over his laissez-faire development policies.

In a number of spectacular gestures, he has shown the toughness which many Americans expect of their presidents. The two most obvious were the shooting down of two Libyan fighters over the Mediterranean in August and the sacking of the air traffic controllers, who challenged him with an illegal strike in the same month.

To Americans, if not the rest of the world, the downing of the Libyan jets brought an outpouring of national relief that the U.S. had finally accomplished a military feat efficiently—after years of post-Vietnam agonising and the disastrous-prone term of President Jimmy Carter.

It may not in itself have been a very glorious exploit. But it seemed symbolic of Mr Reagan's U.S.—a re-awakening giant which enemies provoked at their peril.

Mr Reagan has none the less shown that he is no puppet to the powerful Right-wing forces which helped win his election in 1980—most recently, for instance, by refusing Taiwan's request for advanced fighter aircraft so as not to upset Peking. He can, of course, afford to do it. There is no Democrat candidate on the horizon for whom the moral majority is going to vote.

But if these are the pluses of Mr Reagan's first year, they are nearly all balanced by a real, or potential, minus. If he scored highly against Libya over the jet fighter incident, he has suffered considerable ridicule over the alleged Libyan assassination squads which were supposed to have come to the U.S. to kill him in December. Few people believed the story—even the FBI confessed its doubts—and the hit squads now appear to have vanished just as mysteriously as they arrived.

Although he may have been devastatingly successful in pushing his economic programme through Congress, it remains to be seen whether it is the right programme. With recession tightening its grip and 9.5m out of work, an increasing number of Americans believe that it is not.

His disdainful treatment of the air traffic controllers, while it appeals to the buccaneering, anti-union spirits of the south and west, has united the previously flagging trade union movement against him.

The glitter of the Reagan White House, together with the free-spending image of Nancy Reagan (probably the least popular First Lady for many years), have only helped to convince less privileged Americans that Mr Reagan represents big business and the rich. Even the capitalists of Wall Street have so far shown little faith in his economic policies.

Mr Reagan's praised predictability can also be seen as obstinacy—as, for example, over his refusal to cut into sacrosanct defence spending increases or modify his income tax reduction programme, in spite of the insistence of many of his economic and political advisers. There is no doubt that many poor Americans are frightened and confused by reports of his axing of social programmes, while many blacks regard him as racist.

The toughness of his unashamedly anti-Communist foreign policy may reassure those Americans—and they are the vast majority—who want to see the country strong again. But it has also terrified many of his allies, particularly in Europe, even though the American Right thinks it is not nearly tough enough, particularly over Poland.

As in so many U.S. Administrations, political in-fighting has been one of the hallmarks of Mr Reagan's first year, the most notable loser being Mr Richard Allen, the President's first choice as National Security Adviser, whose resignation was extracted as painfully as a sore tooth earlier this month. But scandals and allegations surrounding other influential government members have also contributed to the Administration's slightly sleazy big business image.

Mr Reagan is bound to face far greater difficulty both with the general public and in his relations with Congress in the months ahead. With the mid-term Congressional elections looming in November, his coalition of Republicans and Right-wing Democrats will be under increasing strain, while politicians turn increasingly to vote-getting grass roots issues and shrink from the rigours of Reaganomic. Divisive social issues like abortion and school busing lie ahead.

But it would be wrong to underestimate the underlying support for some of Mr Reagan's policies. An opinion poll published yesterday showed only 40 per cent of the public approved of his handling of the presidency, against 51 per cent for Mr Carter after one year in office. Fifty one per cent said they believed Reaganomics had hurt the economy so far. But a surprising 60 per cent said they thought the Reagan economic programme would eventually help the nation.

As for Mr Reagan himself, he appears to believe that as long as he keeps smiling, his luck will not desert him.

Libyans pay $95m for Exxon's abandoned assets

BY PAUL BETTS IN NEW YORK

LIBYA HAS paid $95m (£50m) in compensation to Exxon for the assets of the world's largest oil company in the north African country.

The assets include four oil concessions, a small refinery and a natural gas liquefaction plant. Although their book value is estimated at more than $120m, the payment is significant because the oil industry had earlier thought Exxon would receive no compensation at all.

Exxon decided to abandon all its operations in Libya last November, a move which was condemned in the strongest terms by the Government in Tripoli. Exxon, at the time, gave no specific reasons why it had decided to withdraw from Libya after operating there for 25 years; but the oil industry suggested the company was concerned about the worsening of U.S.-Libyan relations and feared reprisals.

Exxon had already considerably reduced its purchases of Libyan crude because of the high price of the country's oil in an increasingly slack oil market.

Savers prove reluctant

By Anatole Kaletsky in Washington

U.S. PEOPLE saved a smaller proportion of their incomes in 1981 than in 1980, according to figures released by the Commerce Department yesterday. Personal savings fell to 5.3 per cent of disposable incomes in 1981 from 5.6 per cent in 1980.

The figures underline one of the major difficulties faced by the Reagan Administration. A big increase in personal savings in response to tax cuts has been predicted.

But so far there has been no real indication that U.S. citizens are inclined to change the spending and saving habits of the past six years.

Benny Hill leads video assault on U.S. market

BY IAN HARGREAVES IN NEW YORK

BENNY HILL, the British comedian and master of the innuendo, is about to lead another export assault.

Thames Television announced yesterday that one-hour video-cassettes of Hill's shows will be its first products in a new joint venture with Thorn-EMI, which gives Thorn's video programming division exclusive rights to sell tapes of Thames Television programmes in the U.S.

The venture springs from the fact that Benny Hill's plump grin and lecherous teasing are a regular feature of U.S. television.

It was not always so, Muir Sutherland, managing director of Thames Television International, recalls. His staff spent eight years showing Benny Hill clips to unimpressed U.S. television executives. Then in 1978 someone thought of re-mixing bits of Hill's shows, which have been produced for over 20 years, cutting out the slower, connecting parts and delivering a series of rapid-fire snatches more amenable to frequent interruption by television commercials.

Pan Am chief expects rise in airline traffic

NEW YORK—Pan American World Airways expects domestic airline traffic to increase by about 5 per cent this year on a revenue passenger mile basis.

Mr Edward Acker, chairman of Pan Am, said yesterday that industry would record a "robust" summer and continued gains in the autumn.

Mr Acker said international traffic would also show modest gains in 1982. Fuel costs for the industry would stabilise or perhaps show a slight downturn. Pan Am's fuel costs per gallon would decline but overall fuel expenses would rise due to higher consumption.

Brazil falters in struggle with foreign debt burden

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZIL slipped back last year in the struggle with its foreign debt burden. Debt servicing ate up 72 per cent of export earnings, as against 65 per cent in 1980.

Net debt servicing in 1981 amounted to $16.8bn (£8.9bn). Of this sum interest payments were $10.2bn, more than 50 per cent above the official prediction at the start of the year.

Exports rose by 16 per cent to reach $23.3bn, despite disappointing commodity prices. But the impact of this gain was wiped out by record interest rates.

A healthy visible trade surplus of $1.2bn helped to produce an improvement in the current account deficit. But Brazil's external services account worsened, with the overall deficit rising 22.4 per cent to $12bn.

The Central Bank has given no sign of changing its external strategy, even though the 1981 accounts represent a clear reversal of the predicted improvement in the main indicators from their previous worst point in 1979.

OVERSEAS NEWS

Australia to change foreign investment rules on rural land

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA IS to tighten foreign investment rules governing minerals processing and the purchase of rural land. Announcing the results of a Cabinet review of the rules Mr John Howard, the Treasurer, said that in future foreign purchasers of rural land would have to prove that their investment would result in net economic benefit to the country.

The move could affect institutional investors from Britain, such as pension funds, which have been investing increasingly in beef cattle properties in northern Australia.

In future, rural land purchasers will have to demonstrate to the Foreign Investment Review Board, the Government's watchdog body, that new techniques or developments will be introduced which will benefit Australia.

In minerals processing, the Government will in future be seeking "maximum opportunities for Australian equity." At present minerals processing is regarded as manufacturing and therefore does not come under the Government's requirements on new mining ventures for at least 50 per cent Australian ownership and control, except for uranium mining, where the level is 75 per cent Australian equity.

Mr Howard said that in view of the substantial amount of capital involved in minerals processing, it would be inappropriate to specify a rigid Australian equity figure. But in new refining and smelting ventures, the Government would like to see more Australian participation than in the past.

As most of Australia's minerals processing companies are multinational mining companies, the Government has some power to withhold valuable mineral prospects if it feels the companies are not taking account of the Government's wishes.

The changes in rural purchase rules are designed to discourage absentee-landlords and speculators from abroad. Rural groups claim they are pushing up land prices while allowing properties to deteriorate, and reaping windfall profits from the rezoning of rural land for urban use.

Mr Howard described yesterday's changes as "fine tuning" of what was otherwise a very successful foreign investment policy. He stressed that foreign capital was needed and welcome in Australia. The Government is expecting foreign investment in Australia in the fiscal year to June 30 to be around the same as last year's record A$6.6m (£3.9m).

Tariff call and uranium pact, Page 5

Ghana hopes to revive economy

By Quentin Peel, Africa Editor, in Accra

THE REVIVAL of the economy and the creation of a base for sustained economic growth is the fundamental challenge facing Ghana's new military-led regime, Flt Lt Jerry Rawlings, chairman of the Provisional Defence Council (PNDC), has announced.

In his first major Press conference since the New Year's Eve coup which overthrew the civilian government of Dr Hilla Limann, Flt Lt Rawlings sought to reassure both Ghanaians and the international community about the intentions of his new administration. While he repeated a warning that individual foreign investment agreements would be reviewed, he stressed that "our foreign obligations and responsibilities still remain."

Flt Lt Rawlings stopped short of spelling out a specific economic programme, but announced that a "comprehensive review" of the domestic economy was being carried out, "to initiate plans for the elimination of corruption and inefficiency, and to build the basis of a sound and sustained economy."

The change of government has brought day-to-day administration almost to a standstill, although business has revived in the market, with a significant reduction in the astronomical black market prices being charged. Some goods, such as rice and sugar, are already disappearing, however, either because they have sold out at the lower prices, or because traders have started hoarding them.

While Flt Lt Rawlings has declared a "holy war" on corruption, and is also committed to the abolition of the blackmarket trading system, he told the Press conference: "We are not claiming that corruption is the fundamental problem of the economy." Ministers, however, were to be selected from "people who are competent, committed, and of spotless integrity."

On foreign investment, Flt Lt Rawlings said that although all existing agreements had been signed in terms of a strict investment code, "individual agreements will need to be looked into, if they turn out to be inimical to our interests."

Philippines sticks to hard line on Japanese tanker

BY DAVID DODWELL IN MANILA

PHILIPPINE Government officials yesterday insisted that the Japanese tanker Hegg, strafed by Philippine Air Force aircraft last Friday, was still suspected of having tried to land terrorists and armaments on the troubled southern island of Mindanao.

They claim the 5,300 ton vessel, supposed to be carrying chemicals, was flying no flags, was far off its claimed route from Singapore to Pusan in South Korea, refused to answer challenges from either the Philippine Navy or Air Force after entering Philippine territorial waters off Davao del Sur in southeast Mindanao, and took clear evasive action to escape boarding.

Mr Carlos Romulo, the Philippines' Foreign Minister, said yesterday that the "interception," in which two crewmen are understood to have been injured, "was a legitimate exercise of our right to protect our national security."

His belligerent stance underscores the extent of Government concern over the growth of terrorist activities in Mindanao. Moslem separatist guerrillas, members of the Moro National Liberation Front (MNLF) have been waging a war of independence for nine years in the predominantly Moslem areas of western Mindanao.

Alain Cass, in Bombay, examines a major threat to official trade unions

Indian textile workers sweat out deadlock

THE GOOD DOCTOR smiled self-deprecatingly, wiggled his head in that peculiar Indian manner and said: "Violence doesn't solve anything. The charges against me are all propaganda."

His henchmen grinned approvingly, while Dr Data Samant, self-appointed protector of the underprivileged, scourge of bosses in the industrial heartland of India, sat back, satisfied.

Outside his Bombay headquarters, a squat mud-brick building in one of the city's seamier industrial suburbs, small knots of workers milled around expectantly. The Samant pennant, a factory and a clenched fist, hung listlessly in the heat from a makeshift pole.

The city beyond was like a ghost town compared with its normal, exuberant self. Virtually every shop, factory, school and office was shut. Riot police patrolled main roads and silent factories.

By this morning, most establishments will be open again. The general strike, called by official unions opposed to Mrs Indira Gandhi, the Prime Minister, will be over. But the textile factories will remain shut. These are likely to remain in the grip of a bigger dispute for weeks, possibly months.

The strike, over a 50 per cent wage demand, affects 62 mills employing more than 250,000 workers, which account for more than 30 per cent of India's textile production. It is a major trial of strength between Dr Samant and the employers, representing the latest move in his climb to national prominence as the country's most successful and feared unofficial union leader.

It is also a challenge to India's long established official trade unions and to the political parties which they support unswervingly. The strike has also raised fears of widespread violence and intimidation, a fairly new phenomenon on the Indian labour scene.

In a recent letter to the state government of Maharashtra, Bombay's major employers claimed that the "deterioration in law and order now borders on chaos." They said violence and intimidation, including murder, was now part of the industrial scene, and detailed several hundred cases of assault, accusing Dr Samant either directly or indirectly of fomenting violence. The employers want tougher action, including a special vigilante force, like the one operating in nearby Gujarat state, to protect workers and premises.

The strike also comes at a bad time for India's textile industry—the country's biggest foreign exchange earner. Stocks are high, due to depressed demand, profits are low, while costs have risen steeply.

"We're passing through a major crisis," said one mill owner, "and while we may be glad to thin out our stocks in the short run, without producing, a long strike could cripple us."

Bombay's entire textile work-force, disgruntled with the Indian National Trade Union Congress, the major union which supports Mrs Gandhi's Congress (I) Party, has defected to Dr Samant.

Dr Samant is a most improbable firebrand. He is a chubby, soft spoken general practitioner in his late 40s. He began his career as a trade union activist in the early 1960s, when he took up the cause of quarry workers.

"They were paid 3 rupees (17p) a day. The employers locked them out, the police charged the demonstration we held, I was badly hurt and so were a lot of others. The action lasted 40 days, but 10,000 workers had their pay doubled."

That was in 1967. In the years that followed, hundreds of thousands of workers, disappointed with the results obtained by India's handful of national unions, flocked to his call. He claims to have intervened successfully on behalf of more than 1.5m workers in 6,000 factories. "I get results—immediate economic gain. That's why the workers come," he says.

Dr Samant's targets have included the Premier Automobile Company, which manufactures Fiat cars, Siemens, the Godrej empire, as well as a number of smaller and more vulnerable enterprises.

The Siemens strike lasted eight months, the Premier stoppage three. His latest target, the Indian Express Group of Newspapers, have refused to talk to him, declared a lockout and given their employers three months' protective notice, which expires on February 15.

At the end of the battle with Premier, the grateful work force gave Dr Samant a car in appreciation of their huge pay rises.

He has, by his own admission, been prosecuted for murder three times, arrested about 50 times, and once jailed for a year. Each time he was acquitted. Dr Samant currently has one murder charge and about 10 others of conspiracy, instigating a riot, and causing an illegal strike hanging over him. This does not seem to cause him worry. "If they arrest me, it won't get the workers back to work," he said.

The man the Indian Press now calls a phenomenon is a creation of India's political system. Indian unions are effectively the labour arm of their respective political parties, delivering votes at election time in return for political patronage.

The situation in Maharashtra is complicated because Mr A. N. Antulay, the chief Minister there, Mrs Gandhi's representative in the state, was recently fired in the wake of a major cement scandal. His successor is due to be appointed later this week. One course open to him will be to declare the textile strike illegal on the basis that Dr Samant's union has not followed the established procedure of being voted for in factory ballots, imprison the leaders, and hope the strike fizzles out.

Were that to happen, it would be a major blow to Dr Samant's undoubted political ambitions. Some observers believe that Dr Samant has already reached his peak, and that his lack of a sound organisational base will let him down if Mrs Gandhi decides to throw her full weight against him.

Others are not so sure. One executive who was knifed and subsequently paralysed while negotiating with the unions on behalf of the local subsidiary of a major UK company, said: "That's wishful thinking. There's plenty of discontent among workers here. The only way to deal with Samant is to tackle that discontent. Some companies are doing it, but others are not. So it'll go on."

Mixed response to strike call

PRIME MINISTER Indira Gandhi appeared to have emerged victorious in her first major confrontation with the opposition-led trade unions yesterday when a call for a *countryside general strike by* six major labour organisations went largely unheeded, except in the Marxist-ruled states of West Bengal and Tripura, K. K. Sharma writes from New Delhi.

Mrs Gandhi had taken the call for the strike as a personal challenge and had ordered the entire official apparatus in the country to ensure that it did not succeed. Her efforts were largely *successful but at the cost of* the arrest of more than 8,000 labour leaders before the strike.

In New Delhi most Government offices and public services operated normally, although police and para-military forces patrolled the streets. Some arrests were reported. No indications of support for the strike from other cities were available because national news agencies *did join the strike.*

The strike was called in protest against the powers assumed by the Government for preventive detention and for banning strikes in essential services.

Egypt and Israel ready to sign Sinai agreement

BY ANTHONY McDERMOTT IN CAIRO

EGYPT and Israel were yesterday set to sign an agreement which, barring a few details, would open the way to Israel's final and smooth withdrawal from Sinai, which it captured in the 1967 Arab-Israeli war.

Two days of talks largely between Mr Ariel Sharon, Israel's Defence Minister and Mr Kamal Hassan Ali, Egypt's Foreign Minister, were conducted, according to Mr Sharon, in a "wonderful atmosphere."

"We really feel, Mr Sharon said, "that we are at peace." Israel is due to complete its withdrawal on April 25.

Agreement was reached on Monday that the islands of Tiran and Sinafir at the entrance to the Gulf of Aqaba should be under the control of the Egyptian civilian police after withdrawal, as the terms of the Camp David accords require. As these islands were leased in 1954 from Saudi Arabia, Israel has been asking that they should be put under supervision of the multinational peace-keeping force which is to patrol the last area of Sinai.

It was also agreed yesterday that the Israelis in the troublesome settlement of Yamit in north Sinai might be permitted to return after the withdrawal date to remove remaining equipment. But, according to officials attending the talks, further negotiations are needed to determine the future status of the small tourist resort of Taba near Eilat on the Gulf of Aqaba and whether the town of Rafah, which straddles the border between Egypt and the Gaza Strip should be split or absorbed into the Strip.

David Lennon adds from Tel Aviv: Israel yesterday denied Syrian claims that missiles had been fired at Israeli fighters flying over Lebanon. Syria says it fired Sam-6 anti-aircraft missiles at patrolling Israeli jets but missed.

The military spokesman in Tel Aviv said that Israeli aircraft had carried out a routine reconnaissance flight over Lebanon yesterday, but that the pilots had reported that no missiles were fired at them.

The Syrian report that it used the missiles, stationed in the Bekaa Valley in eastern Lebanon, could renew the tension which arose last April.

Isuzu truck introduced into Europe

By Kenneth Gooding, Motor Industry Correspondent

GENERAL MOTORS is to bring into Europe another commercial vehicle from Isuzu, its associate in Japan.

At the Geneva truck show later this week GM will display the Isuzu TLD, a small truck of 4.2 to 5.3 tonnes gross vehicle weight.

GM says the truck fills a gap in the product range of Bedford, its British commercial vehicle subsidiary. Bedford's CF van has a maximum weight of 3.5 tonnes while the Bedford TK/TL trucks start at 5.7 tonnes.

GM, which has owned 34 per cent of Isuzu for 10 years, intends for the time being to sell the TLD only in Switzerland, a non-EEC country with no restrictions on Japanese vehicle imports.

The group uses an Isuzu pick-up, the KB, to fill another gap in the Bedford product range in the UK and other parts of Europe. But the voluntary restrictions agreed between the British and Japanese industries in 1975 prevent any direct import of Japanese commercials of more than 3.5 tonnes to Britain.

A Bedford official said yesterday: "Even without the voluntary restraint system we would not want to bring in the TLD at any time."

Seiko in Hong Kong deal

BY RICHARD C. HANSON IN TOKYO

THE SEIKO group, the world's largest maker of watches, is to establish what appears to be the first joint venture in Hong Kong involving both foreign and Chinese mainland capital.

The new company, owned equally by the Japanese group and the China National Light Industrial Products Import and Export Corporation in Peking, may serve as a model for other foreign companies planning to invest in Hong Kong as the scheduled 1997 deadline for reversion to mainland control draws near.

The joint venture with Seiko will produce watch cases and assemble watches using mechanisms supplied from Japan. Production, with capacity of about 1m units a year, is expected to begin in April.

The idea for such a venture originated on the Chinese side, which through a Hong Kong-based subsidiary of the China National Light Industrial Hua Yuan company, has operated a small watch case production factory for some time.

Three members of the Seiko group, which already operates two watch assembly plants in Hong Kong, along with a Japanese trading company, agreed to co-operata with the Chinese by taking a 50 per cent share in a newly capitalised venture, raising the capital investment to HK$2m (£181,000).

For Seiko the new company will serve primarily as a sub-contractor for the two plants already owned by the Daini Seikosha and Suwa Seikosha members of its group. K. Hattori and Company of Tokyo, which serves as co-ordinator and sales outlet for the group, and the Taiyo Koeki Company, are the other two Japanese partners.

K. Hattori said the new venture's output would be marketed worldwide as part of its overall sales. There are no special plans to ship the watches, which will have mechanical movements at first, to China.

Seiko was clearly motivated to accept China's proposal in Hong Kong out of concern for what will happen to foreign investment after the expiry of the New Territories lease in 1997. But the idea of a joint venture also has the more immediate advantage of allowing a joint foreign-Chinese Government capital venture to skirt the problems which still block the formation of a joint venture in China itself.

Egypt to receive Y46bn loan package

BY ANTHONY McDERMOTT IN CAIRO

THE JAPANESE Government yesterday agreed to extend a yen loan package worth Y46bn (£108m) to Egypt for the current Japanese fiscal year. This represents a 22 per cent increase of loan commitments to Egypt over the previous year.

Mr Michio Watanabe, Japan's Finance Minister, is visiting Egypt as part of a tour of the Middle East.

The loan brings the total of economic assistance granted to Egypt by Japan since 1973 to $1.1bn (£591m). After the U.S. and West Germany, Japan is the third largest aid donor to Egypt.

The terms of the aid are as before, namely 3.5 per cent interest with repayment over 30 years, including a 10-year grace period.

The loan will be used to finance seven projects. Of these the most significant is the $49m allocated for the partial financing of the second phase of the widening and deepening of the Suez Canal. It had been anticipated that Japan would extend $250m worth of soft loans towards the cost of the project, estimated at $750m.

There have been doubts expressed even by Mr Mashhour Ahmed Mashhour, the head of the Suez Canal Authority, whether Egypt would go ahead with this until new studies had been completed.

Uranium agreement with Japan

By Our Canberra Correspondent

JAPAN AND Australia have initialled the text for a Nuclear Safeguards Agreement paving the way for exports of Australian uranium to Japan.

The agreement, which still has to be formally ratified by both sides, was drawn up after more than two years work by the negotiating teams. Exports of Australian uranium to Japan under new contracts could begin in March.

Australia currently supplies Japan with small amounts of uranium under contracts signed before Australia's nuclear safeguards policy came into force in 1977.

Japan's reluctance to agree to Australia's nuclear safeguards threatened to hold up shipments of uranium from the new Ranger mine in the Northern Territory.

The mine operator, Energy Resources of Australia, which is partly owned by Peko and Ez, has contracted to supply Japan with 13,413 tonnes of uranium between March this year and 1996.

The text of the proposed agreement was not released, but it is understood that Australia did not depart from the general terms used in the previous nine accords signed with 16 countries, including the UK, and Euratom.

These require Australian permission for resale and reprocessing.

Call to cut Australian tariffs

BY PATRICIA NEWBY IN CANBERRA

FIVE MAJOR mining companies have lent their support to anti-protection forces in Australia with a call for a substantial reduction in tariffs and other forms of assistance to inefficient manufacturing industry.

In a submission to the Government's advisory body on tariffs, the Industries Assistance Commission (IAC), the group which accounts for 10 per cent of Australia's total annual export income, has called for the dismantling of government assistance to industry, except for a standard tariff of 15 per cent and generous depreciation allowances to enable business to write off for taxation purposes the cost of new capital equipment.

The IAC is holding public hearings on options for general reductions in protection. The IAC is also inquiring into ways of making more efficient and effectiva non-tariff forms of assistance to industry, such as export incentives and taxation benefits.

This week's submission from the group of mining companies compriaing CRA, MIM, Ranison Goldfields Consolidated, Cliffs Western Australian Mining and the Western Mining Corporation, called for the phasing out over 10 to 15 years of existing forms of assistance. These include restrictive quotas on imports, export incentives, research and development grants, investment allowances and a range of bounties and subsidies.

The submission also called for a free exchange rate and the elimination of exchange controls.

The group says protection of Australian industry has been a failure. In the last decade Australia's level of economic growth and trade fell in comparison with other countries, and employment fell in the most heavily protected industries. Money saved from the abolition of government assistance to industry could offset loss of tax revenue from an accelerated deprecation allowance, the group says.

The strong anti-protection case from this infinential group, led by one of Australia's most respected businessmen, Sir Roderick Carnegie, chairman of CRA, is a shot in the arm for the anti-protection lobby.

The Government's post-1984 plan for protection of the motor vehicle industry, announced a month ago, although no surprise, was nevertheless a disappointmeot to free traders, maintaining high tariff barriers and the system of restrictive quotas on imports.

Canada in N-pact with Cairo

BY OUR CAIRO CORRESPONDENT

EGYPT and Canada have signed an agreement worth C$12m (£5.4m) to enable co-operation in the fields of energy, in particular nuclear energy.

Under the agreement, which takes the form of a grant, C$4m will be available for training workers at nuclear power stations.

The use of nuclear power is central to Egypt's long-term energy strategy, and by the end of the century it plans to draw more than half its energy from eight nuclear plants. So far the intentions are for orders of two plants from each of the U.S., France, and West Germany.

An official statement said of the Canadian agreement that nuclear co-operation included "the purchase by Egypt of Canadian reactors, technology, uranium, heavy water and services to operate transferred nuclear equipment." But officials in Cairo were describing the agreement as one of "principle."

In addition, C$5m is to be spent on new solar and wind energy projects, and C$3m within the agreement in energy feasibility studies.

Renter reports from Ottawa: Canada's anti-nuclear lobby has condemned the agreement clearing the way for Egypt to buy nuclear reactors, fuel and technology from Canada.

Babcock Power in £36m Zimbabwe boiler contract

BY OUR WORLD TRADE STAFF

BABCOCK POWER, part of the Babcock International group, has received a letter of intent for the sale and installation of two coal-fired steam generating units costing £36m from the Electricity Supply Commission of Zimbabwe.

The commission, which needs the units for the expansion of the Wankie power station, has taken an 18-months option on the purchase of one or two further units, depending on future needs.

The equipment will be manufactured at Babcock's Renfrew plant, which is already handling boiler contracts for the much larger Castle Peak power development in Hong Kong.

Babcock won the order after fending off competition from Stein Industrie, a French company in the Alsthom group, and Skoda of Czechoslovakia.

Finance for the equipment is being provided through a buyer credit from Lazard Brothers, the London bankers. The credit is backed by the Export Credits Gnarantee Department.

● GEC Mechanical Handling is to undertake the engineering and contract management for a plant expansion at the Anckland works of New Zealand Steel in a £2m contract placed through GEC (New Zealand). This arrangement is part of a development being engineered by Davy McKee (Minerals and Metals), part of the Davy group.

● Vickers Instruments of York has received an order for £1.3m of laser rangefinders for Nigeria. Delivery starts in 1983. The rangefinders will be used on tanks being manufactured by Vickers Defence Systems.

Mexico and Soviet oil swap talks

By William Chislett in Mexico City

THE VISIT to Mexico this week of Mr Vladimir Morozov, the head of the Soviet Petroleum Marketing Agency, has heightened speculation that Mexico and the Soviet Union are renewing efforts to establish an oil swap deal involving the two countries, Cuba and possibly Spain.

Mr Morozov is talking with officials at Pemex, the state oil concern. When he arrived over the weekend, he confirmed he would touch on a swap arrangement in his talks.

After the swap deal, which has been mooted for a long time, but has so far come to nothing, Mexico would supply oil to Moscow's client, Cuba, and Russia would supply Spain.

The deal would be advantageous for Moscow, which must pay high transport costs for shipping oil to Cuba. The Caribbean island is only a day by ship from Mexico.

But the arrangement would not be advantageous for Mexico, since the country sells its oil "free on board." Commercially, it makes no difference to Mexico where its oil goes, since it does not pay the transport bill.

A swap deal involving Cuba would also incur the wrath of Washington, although now that Mexico is the world's fourth largest oil producer the Government is less concerned about how its powerful neighbour might react.

Mexico and Cuba enjoy good relations, and Sr Jorge Diaz Serrano, the former head of Pemex is now Mexico's ambassador to the Soviet Union.

EEC curb on Russian watches

By Giles Merritt in Brussels

RUSSIAN WRIST-WATCHES are the target of tough anti-dumping measures by the European Commission, with provisional duties of up to 23.6 per cent now being put on mechanical watches and movements produced in the Soviet Union.

Annual sales of Russian watches in the EEC total an estimated $58m (£31m).

Britian, and more particularly tha Timex Corporation of Dundee, is the main beneficiary of the move to stem surging Soviet exports of the watches. Timex is the leading producer in the EEC of mechanical watches, and has come under serioua pressure from Soviet exports which have been sold with a dumping margin of up to 43 per cent.

The Commission's decision to impose provisional dnties follows a complex anti-dumping investigation launched in mid-1980. Because Timex is the predominant producer of such watches in the Community, the probe extended as far as Hong Kong in order to establish a fair basis for assessing normal value that would in turn allow dumping margins to be calculated.

The investigation established that gold-plated watches coated to a thickness of five microns of gold were being dumped at an average margin of 9.9 per cent, while others coated with 10 microns had a margin of 23.6 per cent. The provisional duties imposed on the Soviet watches have been set at those levels.

The material injury that the Soviet Union's dumping of watches is alleged to have caused Timex was a 13 per cent drop in its outpnt of mechanical watches between 1978 and 1980.

Hungary to promote joint company ventures

BY PAUL LENDVAI IN VIENNA

THE HUNGARIAN Government and state-owned companies are to promote the establishment of joint ventures in the country.

Despite a Government decree nine years ago allowing tha setting-up of such companies, a report released by MTI, the official news agency, indicates disappointment that only six jointly owned companies have been set up so far in Hungary.

Negotiations are under way to found four further joint ventures. They include a poultry farm, operated on the basis of joint ownership by Austrian and West German partners; a rice production project, involving what MTI calls "a large American food trading company"; the joint manufacturing of hair tonics with a French company and the launching of an Arab restaurant in Budapest.

The Hungarians have published a Businessmen's Guide for Foreign Investors in several foreign languages to inform them of business opportunities.

UK NEWS

Overspending forces cuts in Tornado production

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PRODUCTION TARGETS of the Anglo-West German-Italian Tornado multi-role combat aircraft are to be cut by a third in the UK and West Germany in the next three years to save money.

Mr John Nott, Defence Secretary, is expected to make a statement *tomorrow after long* talks among the three countries involved.

The cut will be achieved by keeping to the current production rate of 42 aircraft a year in West Germany and 44 in the UK, for the period 1982-84, instead of allowing them to rise as *planned* to 59 a year in Germany and 63 a year in the UK. Italian production will remain unchanged at 20 aircraft a year.

Considerable short-term savings are likely. With a basic strike Tornado costing £12m and the advanced "air defence variant" costing about £14.5m, the current annual production cost of just over 100 aircraft a year is running at more than £1.2bn.

On the original production plans this would have risen to about 142 aircraft a year, costing at least £1.7bn. By keeping the production rate to present levels a saving of about £500m a year is possible.

In the long term, however, the overall programme cost of more than £10bn for the full number of 809 Tornado aircraft planned is likely to rise, because the production will be stretched into 1989-90 instead of ending around 1988-89.

The slower production rate is intended to last only to the end of 1984. What will happen then will depend on how the two main countries involved can control defence spending.

The problem has arisen because of overspending on defence budgets in the UK and West Germany, forcing reappraisals of defence programmes.

Until now efforts have been made to spare the Tornado, which is regarded as a vital contribution to Nato, but the overspending has grown so much that Tornado must bear some share of the retrenchment.

There is no plan to cut the overall total of 809 aircraft, of which 385 will be for the RAF (including 165 of the air defence version), 324 for the German Luftwaffe and Navy, and 100 for the Italian air force.

About 80 aircraft have been delivered from the assembly lines in the three countries.

The cut is not expected to cause any redundancies at the British Aerospace military aircraft division at Warton in Lancashire, but redundancies may occur among some of the 700 companies in the UK, West Germany and Italy involved on the programme, especially where the prime contractors on the airframe and RB-199 engines have drawn back sub-contract work.

About 70,000 workers in the three countries are employed on Tornado.

Friedman blames 3m jobless on 'obstruction'

By David Marsh

PROFESSOR Milton Friedman, the economist who inspired Mrs Thatcher's *monetarist strategy*, has blamed the near-3m unemployment total on inadequate implementation of his policies.

In an interview in this week's West German magazine Der Spiegel the Nobel Prizewinner scorns Tory Party grandees and official bureaucrats for obstructing Mrs Thatcher's plans.

In this interview, conducted in California, he assailed British people for refusing the medicine he prescribed — lower public spending, tax cuts and sale of state industries.

"If Mrs Thatcher had taken the medicine from the beginning, there wouldn't have been 3m unemployed."

The unemployment problem was difficult but had existed before she came to power. The size of the "underground" labour market meant official figures exaggerated the true jobless rate.

Professor Friedman said the only part of her programme followed had been commitment to monetary growth. This is surprising, because the Government has constantly overshot its money supply targets.

This commitment had led to "*very positive effects*" in the "very strong" fall of the inflation rate. This, however, was rising again because of the depreciation of the pound.

The monetary curve for inflation led inevitably to temporary cuts in growth and to more unemployment. This period, lasting 18 months to two years, was now nearly over and the worst of the recession was over.

He was a "great admirer" of Mrs Thatcher, who was cast in the same mould as President Reagan. The difference between U.S. and UK economic policies was that the people and the Republican Party stood fully behind the President.

Nissan verdict on British Datsun plant not expected until March

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BRITISH motor component makers do not expect Nissan of Japan to make an announcement about whether it will go ahead with a Datsun car plant in the UK until March—nine months after the original target date.

Nissan has worked hard and spent a considerable sum on *feasibility studies*, but it is still by no means certain that the group will set up the proposed £300m plant on a greenfield site.

But Mr Takashi Ishihara, president, said in Japan yesterday that the company had completed the studies and "I see no special obstacles to our advance (into Britain)."

According to UK industry sources, though, two important issues still have to be resolved when Nissan sends its team to Britain next month for a final round of negotiations with the UK Government and the unions.

● The level of local component *content in the cars to be produced*—"local" in this context meaning from within the EEC.

● Whether a satisfactory deal can be worked out with the unions for just one negotiating body at the plant.

There seems no reason why the latter problem should not be sorted out quickly. Plants with one industrial relations bargaining point are not uncommon in the UK.

There is some evidence that the Department of Industry, negotiating on behalf of the UK Government, has been taking a firm line about the local content issue after being told forcefully by the UK component groups that if Nissan is allowed to bring in too many components and sub-assemblies from Japan it would result in a net loss of jobs in Britain and could seriously undermine the domestic components industry.

The Department has consistently made it clear that, while the UK welcomes inward investment from overseas companies, that welcome extends only to projects which will benefit the British economy.

Nissan said when it started the *feasibility studies* in January last year that the cars the British plant would produce would have a 60 per cent local content initially. This would rise to 80 per cent "as soon as possible."

So far neither Nissan nor the Department of Industry has given any indication about how this local content would be measured. This matter obviously has been at the heart of Nissan's recent discussions with the department.

Nissan originally hoped to make an announcement about the UK project last summer and get car production under way—given a positive decision—in 1984.

Now no UK-made Datsun cars could be on the market before mid 1985 because the group has said it will take about 31 years between the decision to go ahead and start-up.

This is welcome news for BL in particular which will have time to get its LC10 range of medium-sized cars well launched first, in 1983 and 1984.

Nissan's plant is expected to produce cars with engines between 1.5 and 2 litres, competing head-on with the BL LC 10 models as well as Ford's Cortina replacement, the Sierra, which is due this autumn.

If it were built the Nissan plant would eventually produce 200,000 cars a year.

U.S. groups prefer bases in Britain

By Guy de Jonquieres

BRITAIN IS the most popular overseas base for U.S. electronics companies, though many of them believe it would no longer be suitable if it withdrew from the EEC, according to a survey.

The survey, published by Electronics Location File, found that of 185 U.S. companies planning to set up operations abroad 53 gave Britain as their first choice. West Germany came second, followed by Ireland, Canada, Mexico and Taiwan.

But 43 of the companies favouring Britain said it would be either unsuitable or less suitable if it left the EEC.

Electronics Location File, 17 The Green, Richmond, Surrey TW9 1PX.

Howell defends plan for heavier lorries

MR DAVID HOWELL, Transport Secretary, yesterday replied to growing criticism of the Government's proposals to allow 40 tonne lorries on Britain's roads by saying the plans were good for the environment.

He told a meeting in his Guildford constituency the Government's proposals offered "much the best chance for getting safer, quieter lorries on the *roads as well as allowing* operators of heavy lorry fleets to use fewer vehicles."

Insurance claims 'double the average'

THE SUN Alliance Group, the largest domestic property insurer in the UK, is handling about 2,000 claims every working day—twice the normal average for this time of the year—because of bad weather.

The vast majority of claims for damage caused by floods, snow and burst pipes, are for less than £100 but the company is receiving some claims for over £10,000.

Private group takes over street cleaning

THE Conservative-controlled London borough of Wandsworth yesterday became the first in the first in the capital to hand over its street cleaning services to private enterprise.

From the end of the month Pritchard Industrial Services will take over from the council's own department, at an estimated saving of almost £1.5m.

Spencer sale offer

EARL SPENCER confirmed yesterday that he was negotiating the sale of two rare late 17th century gold wine coolers, estimated to be worth more than £600,000 to the British Museum.

Bank chief retires

MR ALEXANDER Macmillan, director and chief executive of the Clydesdale Bank, is to retire at the end of June, the bank said yesterday.

Mr Richard Cole-Hamilton, 46, at present general manager, will become deputy chief general manager on February 1.

Sponsorship move

BRITISH Nuclear Fuels, the nuclear fuel manufacturing and services company, is to provide sponsorship for archaeologists at Manchester University who are excavating what could be one of England's earliest village sites at Tatton Park near Knutsford, Cheshire.

More BP refineries in Europe to close

By Ray Dafter, Energy Editor

BRITISH Petroleum plans further oil refinery closures in Western Europe, shedding 15 per cent of its original capacity there, or some 15m tonnes a year.

This second phase of its *rationalisation programme* follows closures announced in the past year amounting to almost one-quarter of its refinery capacity in Europe, including the UK.

The moves are designed to bring the group's overall refinery operations into better balance with expected demand. Overall, the company intends to cut its 100m-tonnes-a-year capacity by a total of 40m tonnes.

The second wave of closures is expected to involve relatively small plants, jointly owned with other oil companies. *It is* understood that BP will concentrate on those refineries with limited scope for upgrading heavy products into high-value, light products such as petrol and naphtha.

Earlier this month it announced plans to close its 4.4m-tonnes-a-year refinery at Dunkirk, France. This took the capacity of announced closures to almost 23m tonnes a year.

Six refineries have so far borne the brunt of the measures: Dunkirk; Isle of Grain in the UK (10.4m tonnes); Antwerp, Belgium (1.3m tonnes); Vohburg-Eriag, West Germany (2.4m tonnes); Dinslaken, West Germany (2.6m tonnes); and Speyer, West Germany (1.8m tonnes).

Up to 1,300 ICI jobs may go at Welwyn

BY SUE CAMERON, CHEMICALS CORRESPONDENT

IMPERIAL Chemical Industries' petrochemicals and plastics division is preparing to axe an estimated 1,300 jobs at its Welwyn Garden City research and administrative centre in Hertfordshire, as part of a continuing cost-cutting programme.

Many of the offices on the 60-acre site are expected to be sold.

Last night ICI was unable to confirm or deny that job losses at Welwyn would total 1,300—a figure estimated by Mr John France, prospective Labour parliamentary candidate for the area. But the company said a *number of operations* there were to be moved to other sites, affecting "hundreds of jobs" although it did not yet know the exact number.

ICI, which employs 1,800 people at Welwyn, stressed that it would offer voluntary severance wherever possible and *for* some the option of being relocated.

The departments most likely to be affected will include research, technical services, purchasing, supply and distribution. But Welwyn will continue to be the petrochemicals and plastics division's business centre and the *divisional board will be* sited there.

ICI's petrochemicals and plastics operations were merged only last spring, since when the group has been able to save £35m. It is estimated that this latest phase of the division's rationalisation programme will *cut costs* by at *least* £2m to £3m a year.

The company says the move is aimed at eliminating duplication in certain services and improving its service to customers, for example by siting its technical services together with production plants.

Welwyn was the headquarters of the plastics division before the merger and ICI is a big employer there, *although no production* takes place on the site. Much of ICI's petrochemicals and plastics output comes from Wilton on Teesside.

The plastics and petrochemicals operations lost £79m in 1980 and the merged division continued to make substantial *losses last* year. ICI foresees a marked upturn in business this year continuing into the early part of 1984.

But the company forecasts another major slump in petrochemicals and plastics in 1984-1985. It is therefore determined to streamline its business and get maximum profits from the few good years it sees ahead.

Staff at Welwyn were told of the further rationalisation plans *last week. The programme is* expected to be completed by the end of next year.

● A £95m ammonia plant, using *techoology developed in Britain*, will be built by an ICI subsidiary in Ontario, Canada. The announcement of the project marks another stage in the group's policy of expanding sales overseas and reducing dependence on the UK.

The 373,000 tonnes a year plant will be built by CIL (Canadian Industries Limited) in which ICI has a 73.4 per cent interest. It will be sited at Courtright in Ontario, where CIL already has an ammonia plant. It will use Canadian natural gas as its raw material. Ammonia from the plant will be used in making nitrogeoous fertiliser for local use.

BL's Rover 2000 back on market

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL GIVES the executive car market a shot in the arm today by bringing back a Rover 2000.

The last one in the old style went out of production in 1975. Now the 2000 returns as part of the SD1 Rover saloon range which has been relaunched after "the most extensive range of refinements and improvements" since the models were introduced six years ago.

But BL has not lowered the initial cost of Rover ownership. The 2000's list price is £7,450—exactly the same as the Rover 2.3 cost at the beginning of this year. There was a mid-January price rise for the rest of the Rover range, the first increase since last August, obviously *designed to provide headroom* for the new model.

BL sold 21,500 Rover saloons in Britain last year and believes the changes will boost this to 25,000 or more this year. The 2000 is expected to account for about one in every four.

The introduction of the 2000 should also increase Rover's sales on the Continent by about 25 per cent from last year's 6,000, which BL said was a little more than forecast.

BL is using its four-cylinder, 1994 cc overhead camshaft "O" series engine in the new 2000. It says the model has a top speed of 104 mph. The official fuel consumption figures are 42.6 mpg at a constant 56 mph and 32.7 mpg at 75 mph.

The group estimates between £5m and £7m was spent on revamping the Rover range. The *model now has a new instrument* binnacle, modified suspension and redesigned electrical system among other changes. And "by popular demand," the top three models have real walnut veneer on the interior trim.

The service interval has been extended to 12,000 miles or 12 months and there are brake pad sensors on the front braking system which trigger off a warning light when the useful life of the pads is over.

The Rovers are now made at Cowley, Oxford, and BL says it *saves an annual £8m by switching* from the Solihull plant.

Prices are the 2300 £7,970; the 2300S £9,353; the 2600S £10,177; the 3500SE £12,545 and the Vanden Plas £14,787.

BL says a diesel-engined Rover will be available "before the end of 1982." For the first year or so the car will use a diesel made by VM, an Italian subsidiary of the State-owned IRI group.

'Choose Gill or me, Grade told ACC board'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

MR JACK GILL, former deputy chairman of Associated Communications Corporation, was given only an hour's notice by Lord Grade of his intention to try to get Mr Gill off the company's board, the High Court heard yesterday.

"He told me be and I could not work together and he wanted me removed. I was shocked and very angry," said Mr Gill in evidence read to the court.

Details of Lord Grade's sudden move against Mr Gill, who had been his right-hand man at ACC, were disclosed for the first time in Mr Gill's evidence.

Mr Gill sought an injunction stopping Lord Grade and four other ACC directors transferring their voting shares to Mr Robert Holmes à Court, who last week replaced Lord Grade as head of the entertainments conglomerate.

Mr Gill also asked the court to order Mr Holmes à Court not to register any voting shares transferred to him.

Only if such orders were made would Mr Gill still have the protection of the directors' undertaking to vote in favour of the proposed record £560,000 compensation payment to Mr Gill, his counsel, Mr William Goodhart QC, told the court.

But Mr Justice Whitford refused to grant the injunctions. Instead he accepted undertakings by Lord Grade, Mr Holmes à Court and the other directors that the vital shares would be voted only to adjourn an extraordinary meeting of ACC, called to approve the payment.

Those undertakings will remain in force until seven days after the court has finally ruled on a petition by which the Post Office *Superannuation Fund* and 10 other pension funds and insurance companies with money invested in ACC are seeking to block the payment.

That petition will next be before the court on February 15, but is not expected to be fully dealt with until some time after that.

The effect of yesterday's court decision is that Lord Grade, Mr Louis Benjamin, Mr Norman Collins, Mr L. S. Michael and Sir Leo Pliatsky can transfer their shares to Mr Holmes à Court.

Mr Goodhart said that on August 25 last year, when Mr Holmes à Court was "a cloud no bigger than a man's hand on the southern horizon," Lord Grade called an emergency board meeting for the following day.

Mr Gill stated in his evidence *that Lord Grade had promised* to tell him an hour before the meeting what was happening.

He did so, and then gave the board an ultimatum: "Choose between Jack Gill and me."

By five to three the board voted to strip Mr Gill of his executive powers.

Mr Gill's evidence was that several board members had pleaded with him to resign, for his own and the company's sake.

He had refused, but eventually agreed to go in return for an agreement which included the compensation payment.

Mr Goodhart said that if the pensions funds' petition succeeded, the compensation agreement might be frustrated.

There was nothing Mr Gill could do about that, but he was entitled to the court's protection as far as the transfer of the voting shares was concerned.

Mr John Wilmers, QC, for all the defendants, said that apart from Lord Grade, all the directors had agreed to sell their shares to Mr Holmes à Court on condition that they were given proxies to vote at the extraordinary meeting.

Holmes a Court 'will not frustrate bids for ACC'

BY JOHN MOORE

MR ROBERT HOLMES à COURT, the new chairman of Associated Communications Corporation, said yesterday he and other directors would do nothing to frustrate bona fide takeover bids from other companies.

The 44-year-old Australian entrepreneur took over the chairmanship of Lord Grade's entertainments group last week and bid £36m for it.

He told his first Press conference as chairman and chief executive of ACC that anybody else who wished to make a bid for the company would not be denied information relating to the company's affairs.

He made his remarks as both Mr Gerald Ronson, of Heron Corporation, and Mr Robert Maxwell, of BPC, requested further information which might lead to them bidding to gain control of more than 60 per cent of ACC voting shares which seem set to pass to Mr Holmes à Court's control.

He said yesterday his business interests would not sell their shares. "There is no price that is likely to be offered that I would accept."

Mr Holmes à Court, looking relaxed and chain-smoking long thin cigars, said the payment of £560,000 to Mr Jack Gill, the *group's former* managing director, "seems excessive." He said he was to be an unpaid chairman and chief executive of ACC, taking only £5,000 in the usual director's fees.

There were no plans to sell subsidiaries to repay the banks and allow ACC to shrink or sell parts of the business to pay for the bid.

But he warned that the group had net debt of £51m, which was rising.

On the question of future disposals within ACC, he said there was an offer for the Classic Cinema chain, which Lord Grade acquired from Mr Laurie Marsh. "I do not know whether it will go through, but I expect it will."

All negotiations on the music company had "come to nothing." He had not seen an offer from Mr Paul McCartney, the former Beatle, who was said to have expressed interest in the Northern Songs catalogue.

On the future of Central Independent Television, in which ACC holds a 51 per cent interest, Mr Holmes à Court said the voting shareholding was to be held in trust, probably an institutional trust, for as long as there was a non-resident controlling interest entitled to these votes.

A new wave of austerity would hit ACC, he said. "When all the information is disclosed in full, in our offer document for ACC, you will find that I am not a party to any Jack Gill-type payoff. No director has bettered his position by either resigning or selling his shares to me."

Mr Holmes à Court said Lord Grade, who will be a full-time executive and deputy chairman of the group's film division, "has not improved his position" in the changeover of the management of the company.

It was revealed yesterday that one of ACC's bankers, the Midland, had a covenant with ACC which said loans—believed to be about £5m—were repayable on the control of the company changing ownership. After a meeting of the treasurer of ACC and the treasurer of the Bell group, Mr Holmes à Court's master company which is making the bid, assurances were given and the Midland waived its condition.

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THE NEW DODGE COMMANDO 2

Short Brothers cuts Belfast workforce

BY OUR BELFAST CORRESPONDENT

SHORT BROTHERS, the State-owned aerospace company, yesterday announced a 10 per cent cut in its labour force which will mean 650 redundancies at its three Belfast factories.

Sir Philip Foreman, the managing director, said job losses had been delayed as long as possible by the introduction of short-time working in the hope that demand, particularly in the U.S., would show signs of improving.

But sales of the company's commuter aircraft, the 330, were still affected by the general recession in the U.S. airline industry. Customers were seeking to put back delivery dates, he said.

The cuts will include 400 production workers and 250 support workers and staff. They will be spread across all divisions of the company, including missile production, but aircraft and component manufacture will carry the brunt.

These reductions are in addition to the 300 redundancies and early retirements among Shorts staff announced last October.

Sir Philip said deliveries of major aerostructure components to U.S. customers and of engine pods for Rolls Royce RB211 series engines had been "severely cut back" because of the fall in sales of the larger jet aircraft.

He said the company suffered "a body blow" in December when Lockheed cancelled the TriStar programme for which Shorts made all the engine parts and a wide range of other components.

Sir Philip said long-term prospects were very promising, with £275m-worth of orders to be delivered. He believed when the effects of the recession diminished export volumes would regain the levels which the company had achieved in the last decade.

He said the company was also optimistic about prospects for its new 360 commuter aircraft, a 36-seater derivative of the 330. The Government agreed in December to increase Shorts' external borrowing limit so that the 360 could go into volume production.

Short Brothers reported a pre-tax loss of £8.9m in the year to August 31 1980. The deficit for the succeeding 12 months is expected to be substantially higher.

The company's future and that of the Harland and Wolff shipyard, where further redundancies are expected, will be discussed next month at a meeting between officials of the Confederation of Shipbuilding and Engineering Unions and Mr James Prior, the Northern Ireland Secretary.

Job equality action sought

BY LISA WOOD

POSITIVE ACTION programmes to ensure women can compete in the workplace on an equal basis with men were urged yesterday by Baroness Lockwood, chairperson of the Equal Opportunities Commission.

She said such action had often been misconstrued as favouritism towards one sex at the expense of the other. It was not favouritism, she told the Newcastle and district branch of the Institute of Personnel Management.

"It is, rather, a pragmatic response to the fact that simply prohibiting discrimination is not enough to ensure that women may compete on an equal basis with men."

Section 47 of the Sex Discrimination Act allowed discrimination in favour of women for training purposes. She said the West Midlands Engineering Employers' Association was the first organisation to seek designation as a training body under the Act, to provide special training for women with management potential, 18 months ago.

Now there were 14 such bodies training women in non-traditional fields.

It was essential for both sexes that alternative career patterns be adopted to allow more flexibility in their careers and more choice in how they combined work and domestic responsibilities.

Firth Brown warns unions 250 jobs are to go

By Nick Garnett, Northern Correspondent

FIRTH BROWN, one of the country's biggest private steelmakers, has told shop stewards that it wants an immediate reduction of 250 in its workforce of 3,200.

It is also seeking a 17 per cent reduction in employment costs which it wants to negotiate with union representatives within the next few weeks.

Shop stewards at the Sheffield company, part of Johnson and Firth Brown, are due to meet today to ratify recommendations which will be put to a meeting of the workforce on Sunday. This follows a meeting of a group of senior stewards yesterday to discuss how they should react to the company's position.

The meeting on Sunday will include members of unions in the Confederation of Shipbuilding and Engineering Unions as well as the Iron and Steel Trades Confederation.

Mr Arthur Hogg, the company's managing director, told shop stewards Firth Brown needed to reduce costs significantly and improve productivity in line with international competition.

The company, which declined to go into details about what it had told union representatives, has outlined its trading position to shop stewards.

Firth Brown, which last year cut its workforce by 1,100, has been seriously affected by the depressed state of demand for steel.

Its principal products are open-die special steel forgings destined for general engineering and relatively high technology uses. It also makes engineering products.

It has been hit more than most private steel makers by fluctuations in demand for steel from the aerospace industry, for which it is a prime supplier.

Shop stewards said yesterday the company had given no firm indication of what further reductions it would seek if the 17 per cent cost savings were not agreed. It had not specifically warned of any further redundancies.

There has been some speculation though that a failure to reach agreement fairly promptly could result in more job losses.

Grant anomalies frustrate county leaders

BY ROBIN PAULEY

THE Environment Department has been embarrassed to discover that it is penalising metropolitan counties for overspending when the counties are actually carrying out Home Office spending decisions.

In the current year, for example, the six Labour-controlled metropolitan counties are deemed to be overspending on police by £30m and as a consequence they are suffering progressive grant reductions on that expenditure.

Yet the Home Office has approved the total spending, it controls the manpower and establishment levels and it also controls all expenditure on vehicles.

Only a very small proportion of police expenditure is outside the control of the Home Office, which pays a specific grant of 50 per cent on police items.

Leaders of the counties—Merseyside, West Yorkshire, South Yorkshire, Greater Manchester, Tyne and Wear and West Midlands—put the complaints to Mr Michael Heseltine, Environment Secretary, who said he had not been aware of the technical outcome of that part of the grant formula, nor of the contradiction between the Environment Department and the Home Office.

It was too late to make any alterations for 1982-83, with the result that very large cuts are being demanded from the metropolitan counties, where the proportion of total budgets taken up by police spending varies from 27 per cent to 40 per cent.

Three authorities—Greater Manchester, South Yorkshire and Tyne and Wear—have been asked for 7 per cent current expenditure cuts compared with this year's revised budgets.

Merseyside needs a 13.7 per cent cut, West Yorkshire 17.9 per cent and West Midlands 22.6 per cent to avoid stringent penalties through grant loss.

If these cuts are to be made outside police expenditure it will require major reductions in the other main metropolitan county services: fire, transport and highways.

The police factor is not the only anomaly to appear this year. There are serious distortions in the allocation of grant for concessionary bus fares schemes for old age pensioners throughout the country.

The money has been distributed to all authorities on a population-related basis, which has inflated the Government's assessment of how much some councils need to spend to provide a standard level of services, and deflated others.

Devon's assessment, for example, is £3m up because of concessionary fares money but it spends very little in this field. Greater Manchester, on the other hand, gets only one-third of what it spends.

Treasurers and council leaders alike are becoming increasingly frustrated at what they regard as the discrepancies in so many of the 62 factors used to calculate grant.

Last year serious defects in some of the education and housing factors appeared. This year an attempt has been made to rectify both so the new calculation on nursery education, for example, bears more relation to the actual service provision in each area.

THE TOLLING of the Billingsgate bell at 5.30 am yesterday morning opened trading at London's new Billingsgate fish market on the site of a disused warehouse in the West India Docks. The bell was one of the few things brought from the old market in Lower Thames Street in the City of London to the new £11m purpose-built building.

Agency workers oppose tax proposals

BY JAMES McDONALD

INLAND REVENUE proposals which "treat agency workers as guilty of tax evasion until proven innocent" were attacked yesterday by a group of organisations and companies which represent them.

The Revenue plans to tax agency workers operating as limited companies by deducting 30 per cent of their fees at source as an immediate prepayment of Corporation Tax.

Replying to the Inland Revenue's consultative paper Taxation of Agency Workers operating through companies, published last November, the group accuses it of stifling the growth of small consultancy companies.

Speaking at a London press conference Mr Walter Goldsmith director general of the Institute of Directors said: "Every one of us believes that tax evasion in the agency worker sector, and in every other sector, should be stamped out.

"But we cannot fail to have serious reservations about an approach by the Inland Revenue which seems to regard all agency workers firms as inherently guilty of tax evasion until they prove otherwise."

The group of 12 organisations and companies wants the Revenue to adopt an alternative system to cut tax evasion. This would involve an agency notifying the Revenue of its limited company status, and PAYE, Corporation Tax and sub-contractor's tax details; deducting at source 30 per cent of fees in cases of serious tax arrears, with the amount withheld being recoverable by deduction from PAYE and Corporation Tax payments; and submitting to the Revenue returns on amounts paid, tax deducted and tax refunded.

Fluid-bed boiler deal in U.S. for Babcock

BY DAVID FISHLOCK, SCIENCE EDITOR

BABCOCK POWER, a pioneer of fluidised-bed combustion in Britain, has turned to the U.S. for a new generation of technology.

In London yesterday Babcock signed a licence agreement with Stone and Webster, a Boston engineering group for its patented second-generation fluid-bed boiler. Unlike present fluid-bed systems, it can be controled over a wide range of outputs, down to one quarter of full power.

Mr Ron Campbell, managing director of Babcock Power, said this load-following feature greatly enhanced its attractions as a coal-fired replacement for oil or gas-fired industrial boilers and process steam plant.

Babcock has negotiated a world exclusive licence except for the U.S., Canada and Venezuela, where its licence is non-exclusive, and for Japan where no licence agreement has yet been signed.

Last month Stone and Webster signed a non-exclusive licence agreement with Foster Wheeler for the U.S., Canada and Venezuela.

Mr Campbell said yesterday he saw the U.S. as a major potential market for Babcock, and has access to the results of demonstration projects mounted there by Stone and Webster.

The technology is said to cope with coal with a sulphur content of more than 3 per cent, which costs less than a quarter of the price of oil in the U.S. on an equivalent heat-raising basis. This is because of the expense of meeting air pollution regulations.

The fluid-bed boiler uses limestone to keep the sulphur from entering the atmosphere. At its heart is a control system invented by Mr Ben Johnson, a U.S. consultant and developed by Stone and Webster in the past two years.

The bed of hot alumina beads used to burn the coal is fluidised by air jets and circulated by jets of higher velocity so that hot particles of coal cascade over a water-cooled wall. Up to 50 per cent of the energy of the bed can be extracted this way.

The transfer of heat to the water can then be controlled as easily as feeding fuel to an oil-fired boiler, simply by regulating the flow of circulating coal particles.

Mr Warren Leland, senior vice-president of Stone and Webster, said Conoco, the newly acquired subsidiary of Du Pont, is funding a "hot test unit"—a pilot plant designed to raid about 5,000 lb of steam an hour.

In addition, Conoco has ordered a 50,000 lb per hour demonstration plant to raise process steam from petroleum coke, scheduled for completion by 1983-84 at a cost of $15m (£7.94m).

But Mr Leland expects the boiler system to be sold at between $10m and $12m, depending on size, in the range of 50,000 to 450,000 lb of steam an hour.

Manchester candidates list tests Labour

Nick Garnett examines the party's subdued local election run-up

THE EXECUTIVE of the Labour Party in Manchester will meet on Friday to be given a breakdown on the adoption of party candidates for the city council elections in May in which all 99 seats are being contested.

The verdict of that meeting is likely to be that the truce which brought some form of peace to the warring factions in the local party and the council's Labour group is holding.

About 78 Labour candidates have been chosen in the wards and all the decisions have been taken on who will stand for the critical seats the local party believes are winnable.

The council has been under Labour control for all but a few years since the war and is currently made up of 67 Labour councillors, 23 Conservatives, five Social Democrats and four Liberals.

But as with the Labour Party at national level, no one knows if, or how long, the subdued atmosphere which has replaced the bitter factionalism—when the local party was pitched against leading Labour councillors—will remain.

For one thing, the executive of the local party will meet on Sunday to decide what advice it will give Labour councillors on drawing up the city's budget—currently more than £400m. That issue was one of the principal causes of the divide in the party in the past two years.

For another, no one is sure what the Labour group will look like when the new council is formed. Neither the left-led local Labour party nor the more moderate leaders of the council group have had it all their own way in choosing candidates.

Referring to the first 60 chosen in the wards Mr Norman Morris, the moderate Labour group leader, said the adoption of candidates appeared to be going "reasonably." This seemed to refer to the moderates' belief that the number of candidates who might be expected to fall under their wing was larger than they once expected.

On the other hand there are some estimates that the new list of candidates breaks down roughly 45 per cent moderate, 45 per cent left-wing and 10 per cent floating somewhere in the middle.

The final worrying factor for the party, though, is that the bitterness has been so intense that it could re-emerge at any time.

The trauma suffered by local Labour politicians in Britain's fifth biggest city has five main characteristics which are in some ways a reflection of pressures in the national party and other local Labour groups.

● The pressure of central government cut in polarising attitudes. Two years ago, 12 left-wingers were expelled from the Labour group for opposing spending cuts, including those on council house repairs. They appealed succesfully to the Labour Party's National Executive.

By the time they were reinstated the council was in the middle of another financial crisis with the Labour group proposing cuts of between £12m and £20m which it said were necessary to keap the council financially viable.

The rebel group, now swollen to 17, again opposed the expenditure reductions. The problem rumbled on into last year when the whip was again withdrawn from the rebels.

● The question of responsibility for decision taking in the context of the party's Left-Right battle. Last year, the local Labour party under the chairmanship of Mr Graham Stringer virtually demanded that prospective candidates for tha May election sign a document committing themselves to national conference decisions — including opposition to spending cuts.

The panel of prospective candidates agreed by the party last year, from which the wards could choose, excluded 23 senior moderate councillors among them Mr Ken Franklin, deputy leader of the Labour group, and Mr Bill Edgenton, the group's secretary.

● Conciliation by the national Labour Party. Mr David Hughes, the party's national agent, along with Mr Eric Heffer, chairman of Labour's organisation committee, forged a truce in which the Labour group would reinstate the rebels and the local Labour party would acept the 23 councillors on to the candidates' panel without preconditions.

It is that agreement which is holding at the moment. Mr Stringer says he hopes the executive on Sunday can agree a policy which Labour councillors as a group can support.

● The emergence of the Social Democratic Party. Labour politicians have been scorning the chances of the SDP in the coming elections in an area where Labour traditionally has high support. But during a period when the local Labour party has been incapable of containing its own rifts, five of its members on the council have gone to the SDP. At least one — Mr Fred Balcombe, a company director — had been out of sorts with the party for some time, however.

● The nature of the Labour group on the council. It is not full of backwoodsmen falling asleep on the pews but has a history of progressiveness. As a result the attacks from the Left have cut deep and partly account for the levels of bitterness and outrage.

Council manual workers set to accept pay offer

BY BRIAN GROOM, LABOUR STAFF

MEMBERS of two of the three unions representing 1m. local authority manual workers have voted to accept their employers' 6.3 to 7.8 per cent pay offer. This virtually ensures the offer will be accepted by the union side when the national joint council meets on Monday.

Such a high settlement— a flat-rate increase of £4.60 on basic rates for all seven grades —is an embarrassment to the Government, which wants to restrict public service pay increases to 4 per cent.

The offer also cuts the working week by one hour to 39 hours from next November, and gives five weeks holiday a year for those with more than five years' service.

The General and Municipal Workers' Union's 300,000 members—the biggest group—voted 2-1 to accept the offer while the Transport and General Workers' Union voted by 4-3 in favour.

Between them the two unions have 21 seats on the national council. The result of voting by the National Union of Public Employees, with nine seats, should be known on Friday.

Mr Charles Donnet, a GMWU national officer, said: "The Government can take little comfort from this settlement. Their public services pay policy of 4 per cent has fallen at the first hurdle — even without recourse to industrial action."

The local authority offer, however, was made only on the casting vote of the Labour chairman of the employers. Groups such as the health workers are expecting a difficult negotiation.

Mr Donnet said hazard lights were flashing for next year. "The signs are that the low-paid manual workers are no longer willing to be the whipping boys for this Government's blundering economic policies."

This was echoed by Mr Mick Martin, public services national secretary of the TGWU, who said the large number of his members' votes against the offer showed an increasing militancy.

"The cycle of industrial action in local authorities, which in the past has taken place over 3-4 years as the employees' standard of living has been reduced, is now showing itself. I would anticipate that in spite of job losses and unemployment the end of 1982 will be a year of industrial action."

The offer takes the bottom leve basic rate from £59.05 to £63.65, and the top rate from £73.50 to £78.10.

Ambulancemen seek inflation-linked rise

BY IVO DAWNAY, LABOUR STAFF

LEADERS of Britain's 17,000 ambulance staff yesterday submitted their annual pay claim with a firm warning that they will not discuss any deal aiming to hold wages to the Government's 4 per cent cash limits.

The ambulance staff seek a "substantial" rise in line with the rate of inflation, a cut in the 40-hour working week and more annual leave. They are also calling for higher shift payments, to be assessed as a percentage of the basic rate.

Last year they accepted a 7.5 per cent rise and an extra day of annual leave in a settlement covering 15 months. But agreement was reached only after a 24-hour national strike and several local stoppages in which some regions displayed a high level of militancy.

If inflation continues at 12 per cent, the claim would increase basic pay for qualified ambulancemen outside London from £82.64 to £92.55, with average earnings of £142 rising to about £160.

The claim is broadly in line with those of other health service workers who are all scheduled to settle on April 1.

Last month union officials representing 250,000 ancillary workers also called for inflation-linked rises, improved holidays and a shorter week. And yesterday leaders of the 120,000 clerical and administrative workers in the NHS met to agree a similar claim.

The administrative and clerical staff are seeking a cash payment—as opposed to a percentage rise—to be paid to all grades. At current inflation rates, it would mean another £14.25 a week.

The administrative workers are likely to demand a cut in working hours from 36-37 a week to 35, and minimum annual leave increased form 20 to 30 days a years.

Civil Service retirement rules to be changed

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT has decedide to change a 30-year-old civil service convention that staff can normally expect to work on beyond the minimum pensionable age of 60.

Instructions have gone out advising departments that this would be a suitable way of reducing staff, especially at a time of high unemployment, so room could be made for young recruits.

The Civil Service unions have been told of the decision "without prejudice."

This appears to mean that they are invited to air their views but that the redefinition of the retirement rules would proceed anyway.

In theory 52,000 staff are affected by the edict—about 10 per cent of the civil servants.

Different departments will make their own decisions. But the first to go would be those who have joined the service in mid-career and already have an occupational pension from a previous employer, perhaps even an index-linked pension from some other part of the public sector.

Next in line could be those who have already put in 40 years' service and would, it is said, suffer little loss by retiring at 60.

The instructions are likely to get a mixed reception from the unions. Those representing lower grades claim the plan amounts to compulsory early retirement, an interpretation denied by the Government.

Those who leave can sign on to the dole until they reach 65 and qualify for the State pension as well as their index-linked civil service pension.

New youth jobs scheme urged for school-leavers

BY JOHN LLOYD, LABOUR CORRESPONDENT

A CALL for unemployed school-leavers to do community work as part of a two year programme of training, practical education and initiative schemes has comes from the "Jobs in the Eighties" group.

The group, an international research body, privately financed, argues that there is a "basic mismatch" between "an intolerably large and growing number of young unemployed people" and "unmet community needs and a potentially critical shortage of skills."

A document, "Youth unemployment: the appropriate response," published yesterday, proposes a programme taking in an estimated 700,000 young people between 16 and 19 who are nol in a job, or in further education.

The main elements of the programme, which would replace one Manpower Services Commission's Youth Opportunities Programme, are:

- a two-year introduction to work, with on-the-job experience where possible
- education in social skills, and encouragement to develop initiative
- work on community projects, such as care of the elderly, the mentally and physically handicapped and children.

The scheme would not be compulsory. But it would follow the example set by the Government in withholding payment of supplementary benefits from those who refuse to participate.

The group proposes that the yonng people on the scheme "would not be part of the collective bargaining system." They would be paid by the MSC and would therefore "be more attractive, as a commercial proposition, to employers than loday's apprentices," the group argues.

It says that the cost of the two-year scheme would be around £1bn—only £200m more than the presenl cost of keeping them unemployed.

Sanctions call to insurance group workers

By Brian Groom, Labour Staff

THE Association of Scientific, Technical and Managerial Staffs is preparing to impose sanctions at Trade Indemnity, the credit insurance company, following rejection of an offer to increase basic salaries by 8 per cent.

A series of sanctions will be put to a staff meeting next Wednesday if no better offer is forthcoming. The staff voted unanimously to reject the offer yesterday.

The union, which represents 210 of the company's 380 staff, is pursuing a claim for 15 per cent rises, together with a 5 per cent productivity payment and improvements in conditions.

Dockers object to deal with foremen

By Our Labour Staff

THE STRIKE-TORN Port of Southampton was thrown into further confusion yesterday despite the ending of a strike by 140 foremen.

The foremen called off their action after management promised they could continue working their old agreement, which allows individuals to do more than one shift a day when circumstances dictate.

However, leaders of the port's 1,400 dockers yesterday accused employers of reneging on a written guarantee that in future on section would be able to work "out of turn," as double shift working is commonly described.

They were unwilling to see any group return to work on conditions which permitted this.

This was a new blow to the British Transport Docks Board, which believed it had reached a settlement with both foremen and dockers—both members of the Transport and General Workers' Union—at a meeting which ended at 2.30 am yesterday.

The docks board said the port was back to single day-shift working. But a return to full three-shift working is being prevented by a continuing, four-month dispute with 150 cargo checkers.

Cash is key to all-out rail strike

Philip Bassett reports on Aslef's financial ability to back stoppage

INDUSTRIAL DISPUTES, whether over pay or principle, tend in the end to come down to money: whether an employer can withstand the financial loss of business or services caused by industrial action, and whether the union and its members can afford to sustain a strike.

BR's losses from the present series of strikes by the Associated Society of Locomotive Engineers and Firemen have been clearly spelt out by the BR board.

It estimates that every day of the strike causes it to lose some £6m in revenue and Government grant, while leaving it with a wage bill for non-striking staff of £3m—making a total loss of £9m per day on the balance sheet.

What is less known is the union's financial position. Its finances are important because eventually, as last year's lengthy Civil Service strikes conclusively proved, the money available will govern whether, or for how long, an all-out strike could be maintained—and probably, therefore, whether the union could exert enough pressure to shift BR from its refusal to pay the disputed 3 per cent second stage of last year's two-part 11 per cent pay deal.

The decision on whether to allocate strike pay is technically in the hands of the union's nine-man executive. Under Rule 48 (c), it is the executive which "shall determine whether any strike money should be paid and if so, at what rates." However, the union has no separate strike fund—strike pay has to come out of its main general fund.

The reluctance of the executive to dip into that fund for this purpose is shown by the fact that for the last six years at least—covering a period which included four one-day official national strikes—Aslef has not paid out a penny.

This is partly because union discipline is so tight that members will stay on strike. Aslef's Rule 29 (1) makes it clear that once a strike has been called, "any member or members failing to comply with such decision on receiving notice of the same will render themselves liable to expulsion from the society or such disciplinary action as the executive committee might think fit."

Given BR's closed-shop agreement, failure to strike for Aslef members may therefore well mean losing their job.

Equally, though, it is the position of the union's finances which precludes it paying strike pay. Unpublished union figures, approved by its chartered accountants, for the most recent year available, 1980, show that the union had an income for the year of £1,271,103, made up of £1,160,066 from contributions, £111,035 from investment income, and £2 from donations.

Set against this, though, was expenditure of £1,256,231, made up of £81,622 in benefits to members, £1,132,459 in administration costs—including some £638,041 in salaries and expenses—with £26,667 in various affiliation fees, and £15,463 in donations.

This left a balance of £14,872, though added to this was £6,276 in recovered income tax. However, from this £21,148, a sum of £27,514 was transferred to the union's pension fund, leaving it £16,366 in the red.

To meet that deficit, the union had to dip into its reserves, so that the amount of funding it had available at the end of the year was £2,318,677.

Most of this, though, is tied up in fixed assets—mainly property. The union's ornate Edwardian headquarters in London's exclusive Hampstead is its main asset—though its book value price at the end of 1980 of £730,000 is probably less than is widely thought.

The union also owns the freehold on the large house next door to its main headquarters, at a book value of £170,000. These two, with its nine other properties, including a house rented to Mr Ray Buckton, Aslef general secretary, amount to property assets of £1,194,952.

Other fixed assets include its investments. At the end of 1980, its quoted investments stood at £779,862, though they had a saleable market value of £974,792.

They included shares in Allied Breweries (market value £10,452), Beecham's (£25,344), BP (£26,501), ICI (£13,666), Marks & Spencer (£21,762), Shell (£25,974) and Unilever (£14,427).

Its unquoted share assets of £85,471 included a total of 12,875 shares spread over three commercial radio stations in Plymouth, Wolverhampton and Swansea.

Its available liquid assets are small. According to its accounts, it had at the end of 1980 only £183,463 in the bank and to hand.

The union claims 27,000 members, though BR and other estimates put it at 20,000-21,000. It has some members on London Transport, so on its own figures it might on an all-out strike call out, say, 26,000 members.

If the union paid them the £12 a week strike pay made available by unions such as the transport and engineering workers, its cash balance would disappear in less than a week, and its total assets—its property, including its headquarters, and its funds—inside eight weeks.

In an all-out strike, the drivers would lose their weekly earnings, which BR says average £140. They would get no strike pay. Further, under the Government's "deeming" rules, they would have £13 a week deducted from any social security benefits their families might draw to take account of strike pay they were actually not getting.

Given that, even with Aslef's rigorous strike discipline, long-term support for a lengthy strike must be questionable.

UK NEWS—PARLIAMENT and POLITICS

Britoil shares to carry Cabinet veto on transfers

BY IVOR OWEN

THE GOVERNMENT is to assume what amounts to a power of veto to prevent undesirable interests taking control of Britoil, the new company which is to take over the exploration and production activities of the British National Oil Corporation, Mr Nigel Lawson, the Energy Secretary, announced in the Commons last night.

Mr Lawson's assurances that Britain's North Sea oil interests will be fully protected under the Government's privatisation plan failed to satisfy the Opposition, and a protracted battle over the Oil and Gas (Enterprise) Bill was foreshadowed by Mr Merlyn Rees, Labour's shadow Energy Minister.

A notable absentee from the opening stages of the debate was Mr Tony Benn, whose threat of renationalisation without compensation widened the rift between Labour's official leadership and the hard left when the issue was last debated in November.

Mr Rees made only the briefest possible reference to this "little local difficulty" and in reaffirming that the next Labour government will seek to prevent the legislation leading to speculative gains accepted that special consideration would have to be given to shares held by employees.

"We will have to wait and see the nature of the shareholding once the Government establishes it," he said.

Mr Lawson, who forecast that Labour's stance over compensation would make little difference to the attractiveness of the shares, explained that the provisions to safeguard the national interest would be embodied in the Britoil's articles of association.

"In essence we envisage that in any situation where there is an attempt to take over the company the shares held in my name as Secretary of State should carry a temporary majority of votes whatever the nationality of the parties involved," he said.

Similarly in any situation where there were attempts directly or indirectly to obtain control over the composition of the board the shares held in the name of the Energy Secretary would carry a temporary majority of votes on any resolution to appoint, re-elect or to remove any director.

Mr Lawson maintained that the articles of association—to be published during the passage of the Bill through Parliament—would provide effective safeguards against unacceptable changes in control of Britoil.

He also disclosed that it was intended to keep two Government directors on the board of Britoil for as long as the size of the Government's shareholding warranted it.

Mr Lawson stressed that BNOC itself would remain in existence as a state trading body.

But the Bill would end the corporation's special access to interest-free money from the National Oil Account — an arrangement which had been much criticised by the House of Commons Public Accounts Committee.

Mr Lawson indicated that once the Bill had secured approval in principle by obtaining a Second Reading, the formation and registration of Britoil would not be long delayed.

But he emphasised that the company would not become fully operational until the Bill was actually on the Statute Book.

Once reorganisation of BNOC's assets was complete, the Bill would enable the Government to take possession of the corporation's shares in Britoil.

The initial aim would be to sell 51 per cent of the shares. The Bill would keep open the way for a further sale from the Government's shareholding at some later date.

Mr Lawson told MPs: "While the precise timing of the flotation naturally remains subject to market conditions, my hope is that the sale of shares will take place before the end of this year."

Once the Bill had secured a Second Reading the corporation, acting in close consultation with the Energy Department, would take appropriate steps to prepare the way for the flotation.

BNOC to lose rights over N. Sea gas liquids

By Ray Dafter, Energy Editor

THE British National Oil Corporation is to lose its right to buy up to 51 per cent of all the petroleum gas liquids produced in the North Sea.

Producing companies are to be allowed to market or process all their gas liquids including ethane, an important petrochemicals raw material. At present, under state participation rules, companies must sell up to 51 per cent of their output to BNOC. This is in line with the policy for crude oil.

Mr Hamish Gray, Minister of State for Energy, announced the move in the Commons yesterday. He said there was ample liquefied petroleum gas (LPG) to meet UK needs.

One of the first offshore groups to benefit from the new policy will be Shell and Esso, which are to be allowed to use all the ethane produced in their Fulmar Field. The gas is expected to be used as part of the raw material in the companies' £500m ethylene plant being constructed at Mossmorran, in Fife, Scotland.

Mr Gray said in a parliamentary answer that BNOC would continue to handle gas liquids sold under existing state participation deals. But it was being told not to exercise its option in the future.

The move will considerably lessen the corporation's trading activities and influence. In 1980 the corporation handled about 100,000 tonnes of gas liquids, almost all acquired under state participation deals. This year it expects to handle nearer 500,000 tonnes, about 80 per cent of which will be bought under the terms of state participation. The remaining 20 per cent of the liquids will come from the corporation's own equity interests in offshore oil and gas fields and from commercial deals.

The Oil and Gas (Enterprise) Bill, which had its Second Reading yesterday, will separate BNOC's trading arm from the oil exploration and production business. The corporation's operating activities will be incorporated in a new privatised company — Britoil.

Tory rebels canvass compromise on lorries

BY ELINOR GOODMAN

A POSSIBLE compromise on the Government's proposal for increasing maximum lorry weights seemed to be emerging yesterday.

Some of the Conservative back benchers who are threatening to defeat the Government if it presses its plan to increase the top weight to 40 tonnes were yesterday canvassing support for an increase to 38 tonnes, accompanied by a firm commitment to build more by-passes and improve safety standards.

The Government announced shortly before Christmas several proposed increases on the present top weight of 32.5 tonnes. These ranged from 34 tonnes on four axles, through 38 tonnes on five axles, and up to 40 tonnes.

The proposals appalled many Tory back benchers who were acutely aware of the strength of feeling about juggernauts in their constituencies. In a debate on lorry weights, 11 voted against, and many others warned that they would not support the Government if it ignored the warning signals, and proposed regulations to increase the permitted weights.

It was assumed after the vote that the Government would have to climb down, though during the recess, Mr David Howell, the Transport Secretary, gave a speech in which he appealed to Tory MPs to consider the advantages of his proposals.

As soon as MPs returned to Westminster on Monday, opponents of the original scheme started collecting signatures for a motion calling on the Government to rethink its proposals.

The motion had yesterday been signed by 41 Tory MPs—which suggests that there is very little chance of the Government getting the original package through the House. But the motion could form the basis of a compromise. It welcomes some aspects of the Government's White Paper on Lorries, People and the Environment, and urges the Government to submit amended proposals. These should include "stronger action on enforcement, taxation on heavy lorries to cover track costs, an accelerated and enlarged road programme of by-passes and lorry routes where practicable, together with limits on weights and dimensions of lorries, which, while recognising the need to improve the international competitiveness of the road haulage industry, would more satisfactorily meet the demands of the community."

The motion does not refer specifically to the proposed range of maximum weight increases. But it looks as if some of the signatories of the motion would be prepared to accept 38 tonne lorries with five axles—on the grounds that there is less weight on each axle—even though they are adamant that they are not prepared to approve either the 40 tonners or the 34 tonners.

Meanwhile, Mr Howell and the Road Haulage Association are continuing their efforts to sell the full range of proposed increases to Tory MPs.

Around 90 back benchers have been invited to Conservative Central Office later this week to discuss the situation and hear the arguments of the road hauliers.

Alliance would consider coalition in hung parliament, Rodgers says

BY PETER RIDDELL, POLITICAL EDITOR

THE Social Democratic-Liberal alliance would be prepared to link with any other party in the Commons in order to provide "ateady government for some period," Mr William Rodgers, one of the SDP's founders, said last night.

During a discussion on the BBC programme Taking Issue, Mr Rodgers said that if the next election produced a balance between the parties, it would be "a matter of commoo sense to look for the minimum common programme of economic and industrial policy, and then to try aod get together, rather than shouting at each other across the House."

RODGERS
"A matter of common sense"

Mr Rodgers was involved in a discussioo with Mr Roy Hattersley, the shadow Home Secretary and a former close ally oo the Labour right. Their exchanges focused on the oature of Labour's problems and on the basis of the SDP's support.

Mr Hattersley's maio charge was that the alliance lacked any philosophy and its "brittle unity" would break down as soon as policy decisions had to be taken oearer the election.

In contrast, he said Labour was bound together by an "ideological basis and the philosophy of democratic socialism."

During questioning, Mr Hattersley claimed there was "a very substantial chance of changing the electoral college for prodocing the party's leader towards one man-ooe vote in the constituency section."

Mr Rodgers stressed that the two parties in the alliaoce would be separate but would fight as a partnership up to the electioo.

The inevitability of bard hargaining between the parties in the negotiations oo both parliamentary eeats and policy was stressed last night by Mr Mike Thomas, the Social Democrat MP for Newcastle East.

Speaking in Cambridge, be said that "anyone who belleves that changing the face of British politics can be done by a bunch of milksops who oever dare to disagree with each other, and have no deep convictions that need arguing out, should get out of the kitchen oow."

Mr Thomas argued that the SDP had to be satisfied that "oo any likely outcome there is likely to be a rough parity in the oumbers of Social Democrats and Liberals elected to the next parliament. Indeed, both parties accept that aoything else could fatally unbalance the alliance."

Mr Thomas has argued the need for "aecure foundations, not generalised good will" in the talks with the Liberals.

He stressed last night that neither party would he prepared to move into the final stages of cementing an alliance for the election until considerable further progress bas beeo made in the two joint commissions oo constitutiooal matters and industrial recovery, and until the SDP has an operating constitution.

Benn plans campaign call to left

By Elinor Goodman, Political Correspondent

MR TONY BENN and his advisers are preparing a statement to put to a meeting of left-wing Labour groups on Saturday calling on the left to join in a new campaign aimed at winning the next election for Labour oo the basis of party conference policies.

The statement is expected to stress the need for tolerance and unity in the run-up to the election. But the inference will be that the left will feel justified in breaking the new truce in the party if the right attempts to reverse any of the policy gains made by the left over the past two years.

The statement will amount to the first formal response by Mr Benn to events at Bishop's Stortford two weeks ago. It is aimed at marking the beginning of the new phase in the left's tactics, aod reflects a recognition by the far left that it is unlikely to get anywhere if it tnle to push any further major changes through the party.

Delegates at the meeting will be told that because the left has succeeded in getting the reforms it wanted—both in terms of policy and the party constitution—it should concentrate its energies on getting a Labour government elected. That governmeot could theo put the policies into practice rather than spend more time on internal Labour Party issues.

Delegates will be urged to look ontwards and campaign against both the Government and the SDP.

The statement is expected to lay down a list of future objectives for the left. These are likely to include insuring that the parliamentary party sticks to the policies already agreed by conference—supporting the unions lo the fight against the Governmeot's industrial relations legislation and backing Labour councils in their fight against the new controls on local aothority spending.

The final draft of the programme still bas to be completed but it looks as if the emphasis will be oo presenting the left as the responsible, outward-looking force withio the Labonr Party, instead of the destructive, divisive, force the right sees it as.

Mr Benn haa clearly been upset by suggestions that the left does not really want Labour to win the next election. He argues that on the contrary, the left has everything to gain from a Labonr victory now the party is committed to the kind of policies the left believes are oecessary.

Though Mr Beno's support remains strong in the constituencies he bas become steadily more lsolated within the parliamentary party over the laat few mooths. Since the party conference, all the various groups which make up the "outside left" have been taking stock of their position, aod though some organisations, like the Socialist Orgaoisers, seem determined to carry on the fightlog within the party, most of the more influeotial speakers on the left want a truce.

Commons Sketch

Merlyn's wanderings relieve Mr Foot

QUESTIONS about the rail drivers' dispute and the prospect of 3m unemployed hardly got off the ground yesterday when the Prime Minister returned to the Commons to face MPs for the first time since the Christmas recess.

Industrial disputes and the state of the economy were pushed to one side by two MPs—rape and the Yorkshire Ripper.

Prime Minister'e Question Time started with Mr Alan Beith, Liberal chief whip, asking for Mrs Thatcher's reaction to the TV programme which showed Thames Valley police giving a tough grilling to a woman who said she had been raped.

Yes, Mrs Thatcher shared the concern about this programme and felt it was vital that women should have confidence in the ability of the law to protect them against this "violent, destestable and odious crime."

This was followed by a scathing statement from Mr William Whitelaw, Home Secretary, on the way West Yorkshire police had conducted the investigation into the Yorkshire Ripper killings.

Giving the summary of the enquiry carried out by Mr Lawrence Byford, an Inspector of Constabulary, Mr Whitelaw said there were major errors of judgment by the police and some inefficiencies in the conduct of the operation. But for this Peter Sutcliffe, the killer would have been identified earlier and lives saved.

After these harsh criticisms Mr Whitelaw's conclusions seemed a bit of an anti-climax. He did not seem inclined to take any strong disciplinary action. There would be no sackings, but the handling of the Ripper investigation would be taken into account when top policemen in the force came up for promotion.

With these lurid matters out of the way the House turned its attention to the Government Bill proposing to sell off the North Sea oil producing business of BNOC.

Despite the Opposition's fervent commitment to mount a massive attack on this proposal only about half a dozen Labour back benchers bothered to turn up for the opening speeches.

But the most intriguing absentee was Mr Tony Benn, the former Energy Secretary. On the last occasion that energy was debated in the House Mr Michael Foot, the Opposition leader, had allowed the prominent left-winger to speak from the Front Bench despite the protests of other members of the shadow Cabinet.

Mr Benn had promptly outraged them by giving a commitment thta a future Labour government would renationalise North Sea oil without compensation.

Presumably Wedgie has now been gagged by some secret sub-clause in the great peace settlement put together at Bishop'a Stortford.

Ever ready to put the boot in, Mr Nigel Lawson, the Energy Secretary, called on Mr Merlyn Rees, Labour's energy spokesman to disown this proposed "theft."

So rambling was Mr Rees's reply that it seemed he was going to avoid the subject altogether. But eventually he repeated the statement which had been drawn up by the shadow cabinet. BNOC assets would be restored to public ownership, but private speculative gains made at the nation's expense would not be handed back.

Mr Foot, who had been keeping a watchful eye on Mr Rees, looked relieved and satisfied at the repetition of this cobbled-together formula.

John Hunt

Police errors blamed for delay in arrest of Ripper

FINANCIAL TIMES REPORTER

THE YORKSHIRE RIPPER, Peter Sutcliffe, would have been arrested earlier — and many of bia victims saved — if the police had not made "major errors of judgmeot" the Home Secretary said yesterday.

In a Commons statement on the review of the Ripper case Mr Whitelaw told MPs Yorkshire police had given "excessive credence" to letters and tape from a man claiming to be "Jack the Ripper".

"With hindsight it is clear that if these errors and inefficiences had oot occurred Peter Sutcliffe would have been identified as a prime suspect sooner than he was," Mr Whitelaw said.

Mr Whitelaw said later: "I have to accept that if Sutcliffe had been arrested earlier there would have been those who were subsequently killed who would not bave been."

The review carried out over five months by Mr Lawrence Byford, an Inspector of Constabulary, found there were major errors of judgment by the West Yorkshire Police, the Greater Manchester force and a number of other forces involved.

A serious handicap was the major incident room which, rather than being the effective nerve of the whole police operation, became overloaded with unprocessed information with the result that vital connections between related pieces of information were overlooked, said the review.

Sutcliffe was interviewed by police investigating the Ripper case on nine occasions between 1975 and his arrest in January 1981.

Mr Whitelaw told the Commons he could not guarantee that all the officers responsible for the Ripper investigations were not still in charge of investigations into serious crime.

But he added he had told the police authority he was not prepared to agree to any senior officers being promoted to assistant chief constable.

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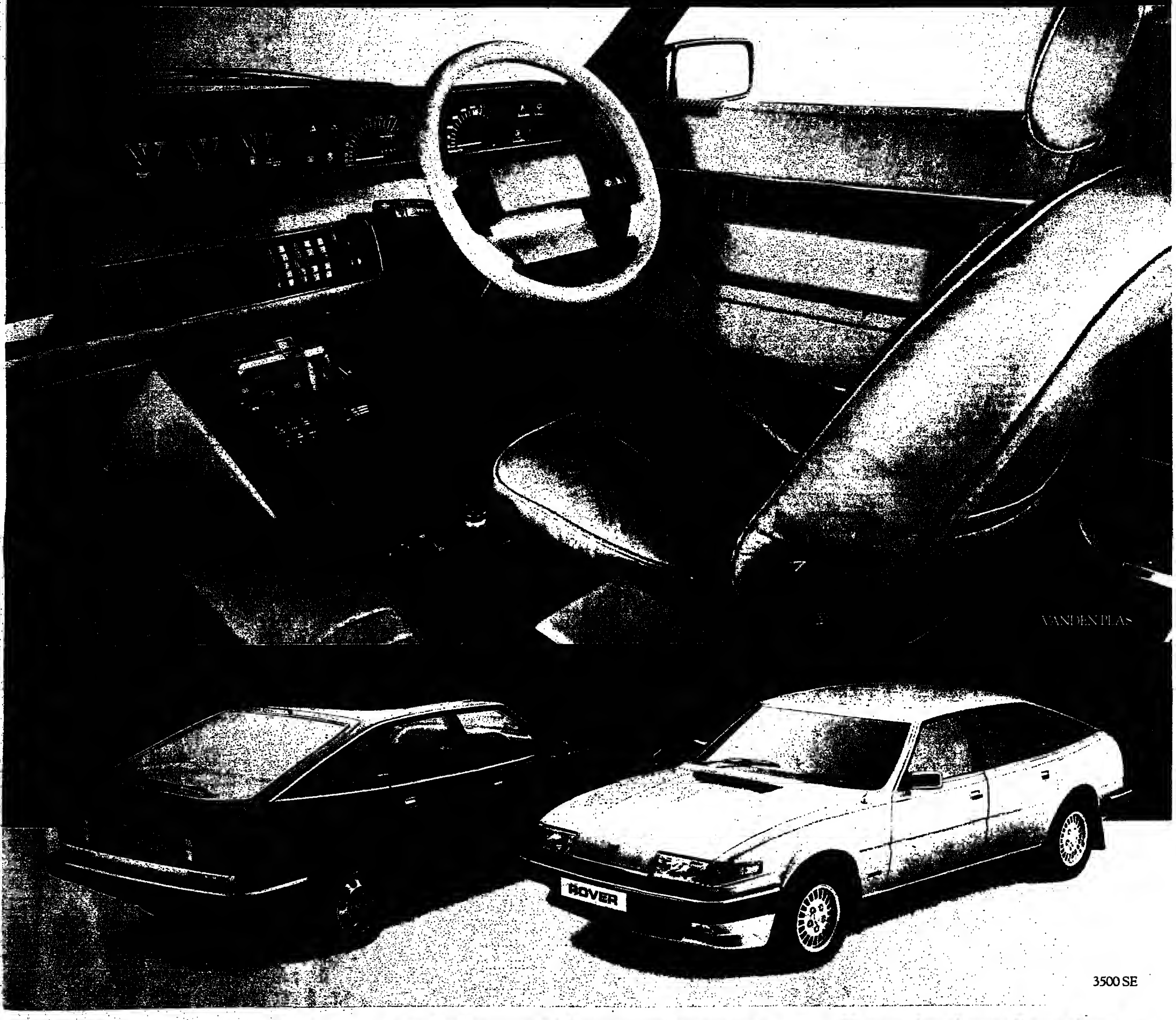

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TECHNOLOGY

EDITED BY ALAN CANE

GEOFFREY CHARLISH reports on the hotels' computer market—ALAN CANE looks at office automation

Modular system for the hotel 'lodgers'

WITH THE introduction of three new products on which some $15m has been spent in development in the U.S. and UK, NCR is making a new push in the hotel computing systems market.

The most impressive of the three is called MLS (modular lodging system: in the U.S. "lodging" refers to the whole hotel industry).

It is based on twin processors—with one on standby in case of failure—and a common database on which everything is recorded including data from reservations, registrations, room management and guest accounting, all entered on the customary visual display unit.

Even phone call costs can be automatically received from a phone monitoring system such as Teltag or Tiger and, later this year, it will be possible to receive and post entries from the company's 2160 bar/restaurant terminal, also introduced this week.

The system, which costs from about £50,000, is aimed initially at hotels in the 150 to 500 room range. It can be customised easily on site to meet the requirements of a particular hotel and can be installed in phases starting with reservations and later encompassing all the front desk operations.

It can also be connected to NCR's existing hotel accounting systems so as to integrate such items as accounts payable, payroll, ledger operations and stock control.

A particularly useful staff facility is called "maid dial in" in which a chambermaid can put a vacated room out of operation on the system if room repairs need to be carried out—another room will automatically be allocated in its place at the time of guest registration.

MLS can be arranged to accommodate up to 10 direct visual display terminals, up to 10 inquiry terminals, and up to eight printers on which a variety of management reports can be generated, customer's accounts generated and expenditure vouchers from other parts of the hotel validated (overprinted).

Expenditure

Keystone of the system is the reservations module, at which basic data about the customer and his length of stay is entered. By keying in arrival and departure dates, name and address, type and number of rooms needed, the telephone clerk can easily see what rooms are available. From then on, all other data about the customer's expenditure at the hotel is accumulated, to be finally printed out on his bill on departure.

Group reservations, advance deposits and special guest services can all be dealt with. Then, on registration, the customer does not have to fill forms or cards. On departure he gets an itemised bill.

NCR is also introducing a less comprehensive system called the 2950 for hotels with up to 250 rooms. The system has been developed in the UK and costs under £7,000 with software.

It is a free-standing, microprocessor-based system with screen and keyboard, 27 programmable function keys and slip, receipt and journal printers built in.

The guest accounting function deals with registration through to checkout. New guest accounts are started by keying in a room number which is automatically checked against a memory-based room table for availability.

When a room is allocated, a new guest account is headed up and the cashier indicates the room rate, enters the number of guests and departure date.

Charges may then be posted to the account by keying in a room number and the account number—the terminal will pick up the previous balance. Charges are posted by using department keys or a pre-set key. End of day reports are produced automatically.

NCR's third new offering is the 2160 bar/restaurant point-of-sale terminal. This has a sealed micro-motion keyboard and can be connected to printers in kitchen and bar.

Items ordered by customers are entered by individual waiters using access codes contained in magnetic "pens" or via the keyboard, and the items appear on a small screen for verification. The orders are prepared in kitchen and bar from the displays there, with cooking instructions where necessary.

A complete list of menu items with plain English description as on the restaurant menu can be stored within the system and the pricing is automatic. NCR is on 01-388 8248.

Revolving around human habits

IBM AND XEROX agree on at least two important aspects of office automation. First, that wiring up the office is not as easy as the salesmen would have it. Second, that their systems cannot be all things to all business people.

The IBM case was discussed late last year (see this page, December 23). Mr Paul Strassmann, vice-president, strategic planning, for the Xerox Information Products Group, last week defended his company's strategy.

Mr Strassmann's position at Xerox gives him charge of Ethernet, the local area network on which Xerox is staking its future in office systems.

The Ethernet concept has been embraced by Digital Equipment, biggest mini-computer manufacturer in the world, and by the pretigious semiconductor house Zilog, both of which are helping to develop the system, but there is plenty of opposition.

Last year, a report from a U.S. consultancy Strategic Incorporated said that Ethernet would be Xerox's undoing. And others have emphasised the importance of more modern local area networking technologies based on broadband techniques rather than baseband as in Ethernet.

A few days ago (see this page, January 13) 3M introduced a device to enable baseband users to convert to broadband.

Mr Strassmann is unimpressed by the Strategic report, and by the supposed virtues of broadband technology (which enables the user to transmit several sets of data and television pictures down a single cable).

He said: "There was not a single fact in the report. Its conclusions were based on opinion and were based heavily on old history and personalities. There was no cost analysis to support the case—and that is the pivot of the local area network argument."

On baseband he said: "Ethernet cannot be all things to all people. But its utter simplicity makes it possible for the user to instal a local network more simply and much cheaper than any alternative."

Local area networks make it possible to move information between office machines—word processors, memories and printers—quickly, reliably and cheaply.

The Ethernet version (see diagram) depends on a single coaxial cable to carry messages from terminal to terminal. This is the network layer. The user layer contains the office machines themselves.

The user layer is connected to the network by an interface, a transceiver and a tap which code the data and transmit it to the network at the appropriate time.

Smart software ensures messages get through to their destination, another terminal or a device in the server layer such as a memory or printer.

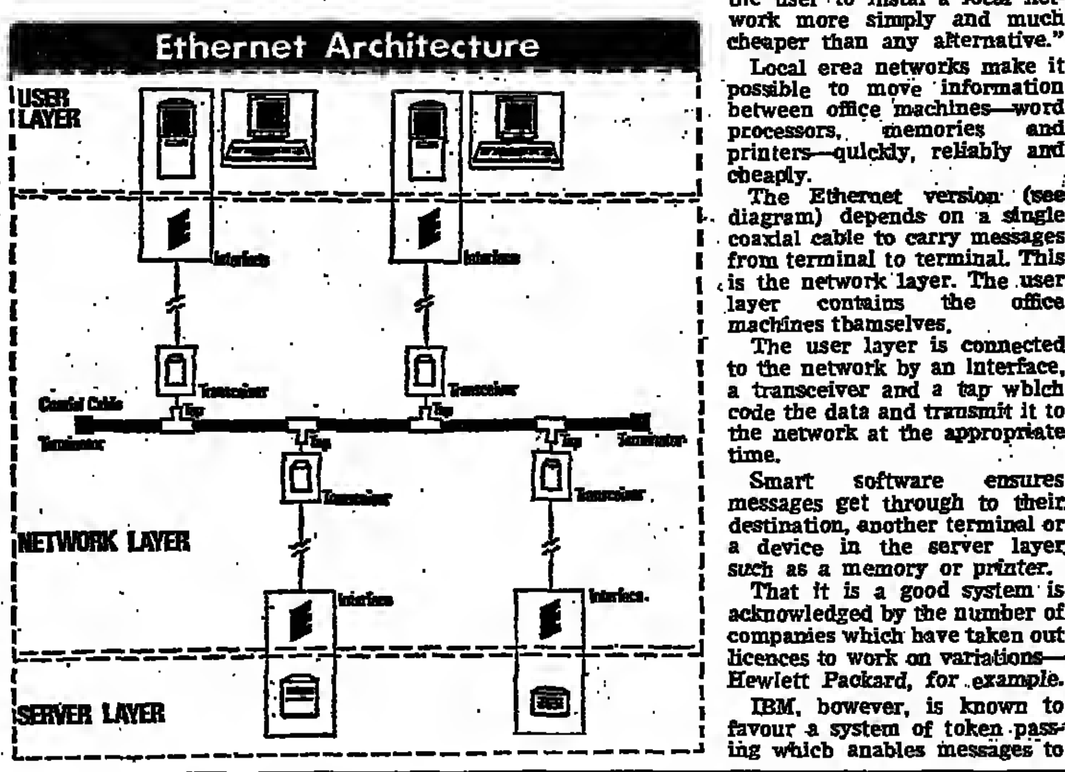
That it is a good system is acknowledged by the number of companies which have taken out licences to work on variations—Hewlett Packard, for example.

IBM, however, is known to favour a system of token passing which enables messages to be given special priorities.

Mr Strassmann said: "I will not take the rabbit view that token passing is balderdash—in a missile system, you might want to give priority to a message that the helium tanks were about to explode."

Mr Strassmann, a former data processing director with General Foods and Kraft both of whose sons are computer engineers argues: "Xerox is a company that revolves around the habits of the human race."

Ethernet could easily be converted to broadband. "It is a nothing, these are non-discussions. I wish people would discuss the important issue like the lengthy period of social and economic change that will be necessary before electronic office systems are fully accepted," Mr Strassmann said. "Technology is cheap; human beings are expensive."



Mr Paul Strassman, Vice-President of the Information Products Group of Xerox

Blowing the bubbles for photocopiers

CANON Business Systems will eventually blow bubbles of ink to produce photocopies. It says it has developed a variation on conventional ink-jet printing which is likely to be used in future plain paper copiers.

According to the company, early tests show that the system can print up to 120 times faster than International Standard ink jet printers without impairing print quality.

The printer generates bubbles to eject ink through a series of densely packed ink nozzles—eight nozzles per mm.

The bubble jet came to the notice of Canon researchers by accident when a soldering iron fell against a syringe. The heat formed a bubble which forced liquid through the syringe nozzle.

Low toxicity

A FORMALDEHYDE-free preservative with low toxicity characteristics and designed for use in water based paints, dyes, inks, adhesive and glues has been announced by Sterling Industrial, Chapeltown, Sheffield (0742 467171).

The company says that Parmetol K40 does not incorporate phenols or heavy metal substances and has a wide bactericidal and fungicidal effect with its main active ingredient being a heterocyclic sulphur/hydrogen compound.

Robot emphasis in conferences

AT LEAST three organisations are planning conferences concerning manufacturing between now and early spring. There is a heavy emphasis on automation and robotics.

One of the first is a two-day event to be held in London at the Royal Aeronautical Society's Lecture Theatre on February 4 and 5.

Sponsored by the Technology Transfer Society (01 242 4045), it is entitled "Factory of the Future." Of the 13 speakers, 10 are from the U.S. and the topics include government/industry planning, batch manufacture, cellular manufacturing systems, computer aided quality assurance, materials storage and retrieval, shop floor data collection, software, artificial intelligence for robots and process planning.

IFS (Conferences) of Bedford (0234 853605) has a programme that extends from mid-February through to December. The first one day meeting is called "Assembly Automation" and will be held at the Cafe Royal in London on February 16. Introduced by Professor Keith Rathmill of Cranfield Institute of Technology, the speakers are all from the UK and the day's session will end with a one-hour open forum.

Other one day meetings include "Lasers in Manufacturing" (London, February 23, repeated on November 24) and "Vision and Sensing" (London, March 25).

Subjects to be covered later in the year include electrical machining, industrial robots, automated inspection and automatic warehousing materials handling.

On February 18 and 19 Engineer's Digest is holding a "Summit on Automated Manufacturing" at the Mount Royal Hotel, London.

There will be four main sessions covering concepts, computers in production, computer aided engineering and the automatic factory.

There is a good balance of speakers from the universities, the research associations and from industry. Engineer's Digest is on 01-353 9751.

Burglar lamp

BEAT the burglar with your hand-crafted pottery lamp is the message from Security and Communication Systems of 162d Tankerton Road, Tankerton, Whitstable, Kent.

The company is not suggesting that you hit the burglar over the head with the lamp but, instead, instal its intruder detection system in the base of the lamp.

If you don't like that idea you can have the system in a wall mounted cabinet. The company claims that other elements — such as an outside wall siren or additional remote detector heads are self-contained, simple to position and connect and "will protect your property for life."

Full technical details are available on 0227 274825.

Magazine screwdriver

FORPAK of Romsey, Hants, has introduced this belt-loaded power assisted "Holz-Her" magazine screwdriver. A variety of screws with countersunk Pozidriv No. 2 slots are available in belts from the company in sizes from 3.5/4.2 x 2 x 25mm to 45mm length. Penetration of the screw head can be adjusted up to plus or minus 5mm. More from Forpak, Romsey Industrial Estate, Greenbridge Road, Romsey (0794 515522).

GARDENS TODAY

Dispelling gloom with orchids

BY ROBIN LANE FOX

WHY NOT cheer yourself up for the New Year by buying something rare and unusual?

Many of you must be in a mood to give up gardening adventures for ever. The frost will have killed those rarities which the snow has not split. The thaw is leaving pools of water which are far more lethal than the warmer blanket of a snowdrift. A garden seems like a gamble gone wrong.

I need to be coaxed back to life by contriving my own small island of perfection, but where nothing can spoil it or upset my hopes. A pot or clay pan is the only answer, kept on a cool window-sill, where another round of low night temperatures cannot do much damage. I want something interesting, where I can control and observe it.

Fortunately, now is the right season to find it, as we are being sent the lists of summer-flowering bulbs. Gladioli sound tempting, and I toy with the prospect of yet more cyclamen. But such is the gloom at the moment that I will have to resort to an orchid.

I do not want any more tender cymbidiums about the house, though I am impressed by their resistance to very low night heating and rooms which have iced all over their lower windows. I do not like the blowsy cattleya or the demure Moon Orchid, which sells by the thousand in Far Eastern floating markets. I like the hardy, wild varieties of Europe and Japan, bulbs which can be risked outdoors in mild seasons, but which flower safely away from the mud and the frost, if kept by your desk in a pot.

Alpine specialists sell most of them: Broadleigh Gardens in Somerset, Ingwersen's at East Grinstead, or the admirable list of P. J. Christian at Pentre Cottages, Minera, Wrexham, Clwyd, North Wales. Anything which has survived in a Welsh cold frame ought to be good for a decade in my drawing-room.

I still know no better buy than the hardy forms of pleione. The colours keep increasing and prizes go to many amateur crosses and selected forms. These green and purple pseudo-bulbs are the dream of amateur exhibitors. They look so exotic, but almost all of them will grow and multiply for anyone.

The flowers are only four inches high, but are so spectacular that they need no height. They open out into a deep central throat with a spotted lip of contrasting colour and a backing of outer petals, not unlike the "standard" on a bulbous iris. Among hothouse orchids, they are most like a scaled-down cattleya, a smaller version of those deep-throated orchids which were pinned on the velvet tea-gowns of Edwardian women on the make.

Almost all the named forms are worth buying, but I greatly prefer the paler shades and the whites. Blush of Dawn is a good beginner's buy, while the white bulbocodioides alba is gleaming white, marked with pale primrose.

Pleione bulbs are like firm pips and you will wonder how these dark olive-green objects, like some weird little cloves of garlic, will ever make a show. If potted in a shallow pan, nose upwards, and barely covered, they will delight you in a few months' time.

The late-flowering form is more awkward, but these new crosses will multiply after a year or two and fill a whole pan. They are worth watching, as their family is always being extended into new colours. They need no heat, no expertise, and no eye for curious beauty, if they are to be enjoyed.

Cypripediums would raise more eyebrows, because so much cheap stock was once ripped away from its wild, European homes, and sold as dried roots, with little hope of survival. P. J. Christian and others now offer properly grown varieties, respectably collected and propagated at prices which suit their provenance.

Personally, I liked the famous Lady's Slipper least of the whole family. Perhaps I remember its pouched flower of yellow and chocolate growing wild in the Bavarian Alps and feel bad about imprisoning them in English cold frames. I have never had much luck with them, probably because I do not keep their peaty composts damp at busy seasons.

Far easier are the small American forms, particularly the little parviflorum, which is also yellow and red-brown. I recommend this as a challenge which ought to succeed. Best of all is the North American reginae, an orchid which bears big leaves up its stem and comes to a halt with large, pink-and-white pouches, fading slowly to purple. This is the form which won the RHS's top awards, and began to be pushed as a hardy plant. While 1982 may have tarnished that reputation, Christian's have single-nosed stock at £3.50 each, and I cannot think of a better plant for individual care on a desk or sidetable over the next few years.

These rarities come and go in limited numbers on the market, but they are rightly prized by growers of bulbs in cold frames, unheated greenhouses, and freezing front rooms. Direct sunlight and high summer temperatures are probably more dangerous than sharp frost. They like a damp, peaty life, in memory of their homes in moist woodland.

There are a host of Japanese woodland orchids still waiting for just recognition by gardeners. Here, I think their marketeers are to blame. We are still brought up on the big tropical blooms of Singapore orchid houses, those hanks of tongues and inscrutable faces which stare in such lovely colours off the show-bench or rich greenhouses at 60 to 70 degrees Fahrenheit.

Lovely though they are, I remember my relief at escaping east to the orchids of Japanese forests and marshes, flowers which are simpler and almost hardy and far more manageable in an ordinary gardener's home. They have suffered from being small, ignored by breeders and florists and caught between the hothouse and the open garden. Neither suits them, but a well-watered life in a peaty pot ought to help them make a British name. They need next to no heat, and usually no lime.

Bletilla, calanthe, and the weirdly-scented cremastra: so far, these are pretty names, usually compounded by second names of Japanese in Latin disguise. Buy them and try them, if you can find them, for I think that here lie our children's new area of plants for perfection in unheated homes.

FT COMMERCIAL LAW REPORTS

No mineral rights in oil and gas under seabed

EARL OF LONSDALE v HM ATTORNEY-GENERAL
Chancery Division: Mr Justice Slade: January 15 1982

THE PHRASE "mines and minerals" in a conveyance shall be interpreted in the context of the conveyance and in the same sense as it would have been understood when the conveyance was made; and where it is clear from such interpretation that the phrase was intended to include only solid substances capable of being mined, it shall not be construed as including oil and natural gas.

Mr Justice Slade so held when dismissing an action by the plaintiff, the seventh Earl of Lonsdale, against the Crown, by which he sought a declaration that he owned oil and natural gas under part of the seabed off the Cumbrian coast.

* * *

HIS LORDSHIP said that the Crown, by a conveyance of 1880, granted to the plaintiff's predecessors in title its interest in specified mineral substances within or under certain tracts of land forming part of the seabed adjacent to the Cumbrian coast, and "all other mines and minerals (if any) down to the bottom of the coal measures in and under the same tracts of land."

In 1969 the Crown purported to grant an oil company a licence to search and bore for oil and natural gas in a tract of the Irish Sea and adjoining land which fell within the relevant area. That licence had since been surrendered, but its grant gave rise to the present proceedings.

The plaintiff contended that "mines and minerals" in the conveyance included oil and natural gas. He sought a declaration that the ownership of any oil and natural gas in or under the relevant areas, down to the bottom of the coal measures, was vested in him as tenant for life.

The Crown contended that oil and natural gas were a fluid and a gas respectively which flowed or permeated and were not mined. In 1880, at the time of the conveyance, neither would have been regarded as a mineral substance, and the conveyance, on its true construction, did not convey an interest in oil or natural gas.

Three general principles of construction were relevant. The first was that, in construing any commercial document a court must do its best to place itself in thought in the same factual background as the parties were at the time when they entered into the transaction. Thus, the relevant words of the conveyance should be construed in the way in which commercial men would have interpreted them in 1880 in relation to the present kind of commerical transaction.

The second principle was that, contrary to the ordinary rule applicable to grants by a subject, grants by the Crown usually fell to be construed in the manner most favourable to the grantor.

The third principle was that if a particular word employed in a written instrument bore an "ordinary sense," the burden of displacing that ordinary sense would fall on any person who sought to assert that in a particular context the word did not bear such a meaning.

The evidence clearly indicated that, in 1880, the potential commercial importance and value of rights to extract oil and natural gas in England or in the adjacent seabed, were not nearly so fully appreciated as they were today.

Nevertheless, the mere fact that the parties to the conveyance might not have specificaly directed their minds to oil and natural gas would not necessarily have prevented them from passing to the grantees. If the grant of "all other mines and minerals" on its true construction included oil and natural gas, those items would have passed even though the parties might not have thought about them at all.

After investigating some of the many conflicting authorities relating to grants or reservations of mines and minerals, his Lordship concluded that "mines and minerals" was not a definite term, but was capable of bearing a wide variety of meanings. Unless the meaning was clear from the instrument itself, the first duty of the court was to ascertain what the phrase meant in the vernacular of the mining world, the commercial world and landowners, at the time of the grant.

The evidence as to vernacular usage was quite inconclusive and the court had to fall back on the wording of the documents themselves, read in the light of the surrounding circumstances with the aid of dictionary definitions.

Five crucial points emerged.

1—"Mines and minerals" in the context of the conveyance was manifestly not intended to include substances which could only be worked by drilling or boring. It was intended to include only substances which could be won by means of underground workings beginning on the adjacent lands of the grantee.

2—Oil and natural gas were not then and never had been capable of being extracted from the earth on a commercial basis by means of underground mining, whether by tunnels or excavation. The available methods of extraction were either by drilling, or, in the case of oil, by a shaft dug from the surface.

3—In the conveyance, "other mines and minerals" closely followed a reference to "coal, culm, ironstone and fireclay," all of which were solid substances capable of being won by means of underground works beginning on the adjacent lands of the grantee followed by digging. The proper inference seemed to be that "minerals" was used in the sense of solid substances belonging to that category.

4—The Crown, in the conveyance, reserved "walls or barriers of the said mines, minerals . . . on every vein seam or bed thereof." The terms "veins" and "seams" did not seem appropriate to fugacious substances such as gas and petroleum. It was reasonably plain that the Crown contemplated that the barriers would be notional barriers in solid as opposed to gaseous or liquid substances.

5—It could be inferred from the evidence that the parties, in 1880, never intended that rights to extract oil and natural gas should pass to the grantee. At that date neither category of rights would have been regarded as having any use or commercial value by persons dealing with the sale of minerals in the relevant area of Cumberland, and indeed, the existence of gas would have been regarded as a dangerous nuisance.

Those five points made it reasonably plain that in the context of the 1880 conveyance, "mines and minerals" was not intended to include anything except solid substances capable of being dug out of the earth by means of a mine, and in particular, was not intended to include oil and natural gas.

Alternatively, the five points, at the very least, established that "mines and minerals" had no definite meaning, in which case the words must be construed in the manner most favourable to the grantor in accordance with the principle applicable to grants by the Crown.

Judgment for the Crown.

For the plaintiff: Donald Rattee QC and Roger Horne (Gregory, Rowcliffe & Co., agents for Dickinson, Dees, Newcastle upon Tyne).

For the Crown: Leonard Bromley QC and John Mummery (Treasury Solicitor).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

AFTER ANOTHER interruption of the National Hunt programme, occasioned by yesterday's abandonment of the Sedgefield and Worcester meetings, racing resumes at Folkestone today.

The ground will be as holding as an seen this winter on the Kent track. For this reason backers will do well to ignore all but proven mudlarks. In the afternoon's principal event, the Hurst Green Handicap Chase, few if any contenders can be ruled out because of the state of the ground.

In one or two other events, however, there are on that score question-marks against several respectable performers.

A chaser sure to cope with the under-foot conditions better than most is the nine-year-old Fabulous.

A useful winner over hurdles in the 1979-80 campaign, this former inmate of Padge Berry's County Wexford stable ran extremely well for a 66-1 chance until lack of fitness told in Cheltenham's Colt Car Platinum Novices Chase won by Realt Na Nona on New Year's Eve.

Not seen out since that effort—his first of the season—Fabulous may well prove capable of springing a surprise in the Brede Novices Chase.

Tragus did the trick for David Morley and Bob Davies in last year's Hurst Green Chase. They must be hopeful that Falkland Palace can provide the answer this time. The 2½-lengths Huntingdon conqueror of Happy Hector, this time a year ago, Falkland Palace ran well before retiring in a two-mile event at Warwick in November.

FOLKESTONE

1.15—Mons Bean*
2.15—Indiana Dare
2.45—Falkland Palace**
3.15—Fabulous***

TELEVISION

Chris Dunkley: Tonight's Choice

Yet another strong night for BBC-2 and Radio 4. The repeat of Life On Earth reaches its penultimate episode, "Life In The Trees," which features the apes and that celebrated sequence in which David Attenborough ends up grinning delightedly at the camera from underneath a friendly gorilla in the wild.

A new series of Chronicle opens with Roy Davies' programme, "The Man Behind The Mask." Archeology's greatest mystery is how the profession itself ever acquired an image of dusty academicism, except by simple association with the sand from which so many treasures are dug. The more one hears about archaeologists, the clearer it becomes that the calling attracts an extraordinary number of crooks, charlatans and liars. Tonight's programme promises hair-raising revelations about one of the fathers of modern archaeology, Heinrich Schliemann, the man credited with seminal discoveries at Troy and Mycenae.

M.A.S.H. sees the officers of the 4077th obliged to become saloon-keepers. In Episode 2 of The Bell, plans are laid for the installation of the abbey's new bell.

BBC 1

9.15 am For Schools, Colleges. 10.00 You and Me. 10.15 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill at One. 1.45 Postman Pat. 2.01 For Schools, Colleges. 3.05 Songs of Praise from Hereford. 3.40 Play It Safe! 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Take Hart. 5.00 John Craven's Newsround. 5.10 The Story of the Treasure Seekers by E. Nesbit.

5.40 News.
6.00 Nationwide (London and South East).
6.25 Nationwide.
6.55 Rolf Harris Cartoon Time (London and the South East).
7.25 This Wednesday Film: "Thou Shalt Not Kill," starring Lee Grant.
9.00 News.
9.25 Sportsnight including Tennis (Volvo Grand Prix Masters Final from New York) and World Cup Skiing (Ladies' Downhill from Bad Gastein, Austria).
10.30 Parkinson and his mid-week guests.
11.28 News Headlines.
11.30 Glady Knight and the Pips.

BBC 2

10.20 am Gharbar.
11.00 Play School.
12.30-1.20 pm Open University.
3.55 Landscapes of England.
4.20 Images of War.
4.40 Tigris.
5.30 They're Playing My Tune.
†5.40 Undersea Kingdom.
6.00 Life on Earth.
6.55 The Water Margin.
7.40 News Summary.
7.45 The Happy Prince.
8.10 Chronicle.
9.00 M*A*S*H.
9.25 The Bell.
10.20 Grapevine.
10.50-11.40 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 The Munch Bunch. 12.10 pm Rainbow. 12.30 Play it Again. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Take the High Road. 2.00 After Noon Plus presented by Mary Parkinson and Kay Avila. 2.45 The Six Million Dollar Man. 3.45 About Britain. 4.15 Dangermouse. 4.20 Madabout. 4.45 Arthur of the Britons. 5.15 Mr Merlin.

5.45 News.
6.00 Thames News with Andrew Gardner and Rita Carter.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 London Night Out: Tom O'Connor is joined by Cleo Laine and John Dankworth, the Hollies, Roy Walker and the Geoff Richer Dancers.
9.00 Minder starring Dennis Waterman and George Cole.
10.00 News.
10.30 "Go Tell the Spartans," starring Burt Lancaster, Craig Wasson and Jonathan Goldsmith.
12.40 am Close: Sit Up and Listen with Jack Jones.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
1.20 pm Anglia News. 2.45 Tropper John. 5.15 Happy Days. 6.00 About Anglia. 12.40 am The Big Question.

BORDER
1.20 pm Border News. 2.45 The Ants Room. 5.15 Out of Town. 6.00 Lookaround Wednesday. 12.40 am News Summary.

CENTRAL
1.20 pm Central News. 2.45 Hagen. 5.15 Diff'rent Strokes. 6.00 Crossroads. 6.25 Central News. 12.40 am Portrait of a Legend (Frankie Valli and the Four Seasons).

CHANNEL
1.20 pm Channel Lunchtime News, What's Where and Weather. 2.45 Trappenden. 5.20 Crossroads. 6.00 Channel Report. 6.30 Bailey's Bird. 10.28 Channel Late News. 12.40 am Epilogue followed by News and Weather in French.

GRAMPIAN
9.25 am First Thing. 1.20 pm North News. 2.45 Trapper John. 5.15 Private Benjamin. 6.00 North Tonight. 12.40 am North Headlines.

GRANADA
1.20 pm Granada Reports. 2.00 Live from Two. 2.45 The Ants Room. 5.15 Private Benjamin. 6.00 Granada Reports. 6.25 This Is Your Right.

HTV
1.20 pm HTV News. 2.45 Brocken. 4.45 Sport Billy. 5.10 Ask Oscar! 5.20 Crossroads. 6.00 HTV News. 6.30 Superstar Profile. 10.28 HTV News.
HTV CYMRU/WALES—As HTV WEST except: 12.00-12.10 pm Ffalabalam. 4.15 Y Rhallfordd Gudd. 4.45 Our Incredible World. 5.10-5.20 Dick Tracy. 6.00 Y Dydd. 6.15-6.30 Report Wales.

SCOTTISH
1.20 pm News and Road and Weather. 1.30 A Full Life—John Osborne. 2.45 Love Boat. 5.15 Pet Subjects. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Action Line. 6.30 Weir's Way. 12.40 am Late Call.

TSW
1.20 pm TSW News Headlines. 2.45 Trapper John. 5.15 Gus Honeybun's Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Scene South West/A Day in the Life. 10.32 TSW Late News. 12.40 am Postscript. 12.45 South West Weather.

TVS
1.20 pm TVS News. 2.45 The Ants Room. 5.15 Watch This Space. 5.20 Coast to Coast. 6.00 Coast to Coast (continued). 12.40 am Company.

TYNE TEES
9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News. 1.25 Where the Jobs Are. 2.45 The Love Boat. 5.15 Mork and Mindy. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 10.30 North East News. 12.40 am Travelling.

ULSTER
1.20 pm Lunchtime. 2.45 The New Avengers. 4.13 Ulster News. 5.15 Hear Here. 5.20 Good Evening Ulster. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 12.40 am Bedtime.

YORKSHIRE
1.20 pm Calendar News. 2.45 Trapper John. 5.15 Private Benjamin. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO

(S) Stereophonic broadcast
‡ Medium Wave only

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Paul Burnett. 3.30 Steve Wright. 5.00 Peter Powell. 7.00 Radio 1 Mailbag. 8.00 David Jensen. 10.00-12.00 John Peel (S).

RADIO 2
5.00 am Steve Jones (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, Sport. 8.00 Alan Dell (S). 8.00 Alan Dell with Dave Band Days. 8.30 The King's Singers (S). 9.00 The Folk Enterprise (S). 9.30 Sounds of the Sun (S). 9.55 Sports Desk. 10.00 Rolf's Walkabout. 10.30 Be My Guest says Gloria Hunniford. 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued) (S). 9.00 News. 9.05 This Week's Composer: Haydn (S). 10.00 Brahms, piano recital (S). 11.00 Enesco: Octet for strings, Op. 7 (S). 11.45 Rupert Foundation Conductors' Awards (S). 1.00 pm News. 1.05 Concert Hall (S). 2.00 Music Weekly (S). 2.50 Jazzman Talking: Red Norvo (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Chopin, piano recital (S). 7.30 Rupert Foundation Conductors' Awards: The Final from the Fairfield Halls, Croydon. Part 1: Mozart (conducted by the finalists) (S). 8.30 Six Continents. 8.50 Rupert Foundation Conductors' Awards: Part 2: Sibelius (conducted by Ole Schmidt) followed by result of the Awards (S). 9.40 Music in our Time (S). 11.00 News. 11.05-11.15 The Dream of Gunnar by Nielsen (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek: Henry Kelly Goes West. 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Baker's Dozen. 12.00 News. 12.02 pm You and Yours. 12.27 Around the World in 25 Years with Johnny Morris (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 3.50 Report South West. 4.45 Elizabeth Soderstrom (S). 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News. 6.30 My World (S). 7.00 News. 7.05 The Archers. 7.20 Checkpoint. 7.45 Origins: In Search of "Tristan." 8.15 A Cornish Evening. 8.45 File on 4. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Quote . . . Unquote (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

Why a buyout is just the ticket

A Plessey subsidiary is breaking away to produce an instant billing machine. Ian Rodger reports

FOR THE past 18 months, residents in the Greenock area of Scotland have been receiving their electricity bills within seconds of having the meter read.

That may not be very exciting for the resident but it offers considerable cost savings to the South of Scotland Electricity Board, plus a significant potential improvement in cash flow.

The machine that performs this useful service was invented by Tony Goodfellow, a former computer salesman with ICL, who in 1976 took his idea to Plessey, the electronics group, for development.

Plessey has supported the project ever since, backed up by a £345,000 advance from the Electricity Council in 1978. By last year it had become more likely that the portable billing machine (PBM) had a commercial future when the SSEB placed an order for 250, of which eight are already in service.

But such is the rigour of Plessey's recent strategic review of priorities that it has decided to accept a £1.15m bid from Goodfellow and his associates to buy back the rights to the billing machine system. And they in turn are planning to float their company, Immediate Business Systems, on the Unlisted Securities Market, later this month.

"The project was just not quite in line with our view of our business," says Derek Mays, assistant finance director of Plessey. "It is a good little product and Mr Goodfellow has put a tremendous amount of effort into it."

Marginal

Plessey has been working hard in the past two years at pruning its product line and getting rid of loss-making operations, such as Garrards. Mays agrees that bringing the billing machine into production would not require a lot of capital but Plessey was also concerned about allocating its scarce resources of management and technological skills on something that was marginal in its overall business.

"At some point," says Mays, "you have to make a decision." He says the £1.15m proceeds from the sale will only cover Plessey's incremental spending on the project.

Goodfellow says he suspected that Plessey's heart wasn't in it. "They do large projects. They are not interested in selling standard products. In 1978, they were not interested in putting more money into it and so the Electricity Council came along at the instigation of the SSEB."

Sensing Plessey's continued lack of interest last year, Goodfellow approached two of the group's directors with a view to buying back the project. By September, he had formal approval and the deal was finally completed this week.

Over the next six months, production of the PBM will be moved from Plessey's factory at Towcester to Milton Keynes. Of the 39 people working on the project, 35 will be transferred. Immediate Business Systems expects to take on another 20 staff later in the year and raise production to about 65 machines per month.

The ultimate potential of the public utility market in the UK is believed to be about 3,600 units and in the U.S., where a sales operation is being set up, 20,000. But Goodfellow sees numerous other likely applications of the machine, such as in the issuing of parking tickets, invoicing of wholesale deliveries and stock control.

Goodfellow developed the idea for the billing machine in the early 1970s before the technology for it was available. "I was selling ICL computers to utilities and it struck me that they were going about their billing the wrong way. So I sat and waited for the technology."

The main requirements were the microprocessor, essential for its small size and light weight, and bubble memory, which preserves data even if the batteries on the portable unit fail. Goodfellow also designed a highly compact printer that would churn out bills that are readable by optical character recognition equipment and a tiny paper cassette that would retain a back-up record of all meter readings and billings.

In total, the IBS system consists of an office mini computer that carries all the relevant data on customer accounts plus any number of PBMs.

In a typical operational sequence, the local supervisor prepares the meter readers' rounds on the office computer a day in advance. In the evening the billing machines, which have probably been out on other rounds, are loaded with data for the next day's rounds and their batteries recharged. The keyboard display on the machine guides the meter reader to addresses, reveals the name of the customer, the location of the meter and even warns if there is a dangerous dog on the premises.

The reading is then made and entered into the PBM. If the reading is implausible, the machine will require it to be checked. "The most common error in readings is in the most significant digit," says John Lardner, chief commercial officer of the SSEB. "That is the figure for the ten thousands. So this machine reduces customer complaints."

Once the PBM is satisfied with a reading it prints out a bill, retaining the relevant data in the bubble memory. If the customer is not at home, it will produce a bill based on an estimated reading.

At the end of the day, the PBM is plugged back into the officer computer, delivers the day's results to it and loads up with a fresh round for the following day.

IBS sells the billing machine for about £4,500 and the office computer to go with it for £25,600. It also charges a licence fee for the use of its programmes. The SSEB has been using the system for billing some 35,000 of its 1.5m consumers but Lardner says it is difficult to isolate what cost savings arise.

Blister

"The day we introduced the system, we had 50 bills paid by lunchtime but so far it hasn't made much of a blister on costs. However, we expect significant reductions in the next 12 months.

"We believe we will get a payback on the system in less than two years, and every time the Post Office puts up its mailing charges, it looks better." He warned, however, that the system would only pay its way if meter readers, who issue at least 150 bills a day, were fairly efficient.

He says the machine has gone through a number of refinements over the 18-month test period and now "has everything we want built into it." The most serious problem during the test occurred with the batteries. "We found that if the batteries were only half discharged, they would only half recharge, so the readers were running out of power after 120 calls. Now we discharge the batteries completely before recharging them."

At least three other manufacturers—none of them British—are making machines similar to the PBM but, as in the case of IBS, deliveries are only just beginning. Goodfellow believes his is the most advanced, combining bubble memory, printer and the advantage of being lightweight (5 kg).

IBS raised £99,000 last October through a private placing of shares to investigate the possibility of buying back the business from Plessey. Later this month, brokers Margetts and Addenbrook, East, Newton intend to raise another £2.9m in a public placing of about 60 per cent of the equity capital. After paying Plessey, the group intends to put £1m towards working capital in the UK and a further £500,000 towards U.S. working capital.

IBS is not making a profit forecast but it indicates that it will make a trading loss in its first year of operation. The directors believe the business will break even if at least 450 PBMs and 40 office computers a year are sold.

The group's strategy is to continue to improve the billing machine and to seek other applications for the system that supports it. Of the staff of 35, 18 have technical qualifications and nine spend all their time on research and development.

"We're a systems house really," says Goodfellow. "And all we have at the moment is one application."

Hugh Routledge

Having taken his idea for a portable billing machine to Plessey five years ago Tony Goodfellow has now bought back the rights to the system. As well as exploiting the home market, he plans a sizable push into the U.S. One UK customer, the South of Scotland Electricity Board, is already using his machines to issue bills immediately after meters have been read

BOARDROOM BALLADS

RAGS TO TATERS

When James D. Flaherty O'Rourke
Came from Dublin to New York.
And peddled round his hot potatoes,
Few financial commentators
Forecast he was on the brink
of World-Wide Hot Potatoes Inc,
Founding his global enterprise
on Chirpy Chips and Hondy Fries—
But such are the bizarre gestations
Of multinational corporations.

★

And having made the humble spud
Synonymous with motherhood,
And "Chips with Everything" the toast
Of every home from coast to coast,
He felt that he should not deny
The culture of the Hondy Fry
To less sophisticated clients,
Untutored in potato science;
And ripe, on Wall Street's best assessment,
For World-Wide's overseas investment.

★

So soon the Hot Potatas logo
Flew from Zanzibar to Togo.
With worldwide quality control
By satellite across the Pole;
Linking Chirpy Chip plantations
And process plants in fifty nations
Including, after tense discussions,
A licence granted to the Russians.

★

The Tigris, Nile and Orinoco
Were switched from cotton, rice and cocoa
To propogation of the tuber,
As were tobacco farms in Cuba,
On the guaranteed assumption
Of escalating world consumption;
Till all the leading indicators
Were based on futures in potatoes,
With James the undisputed King
Of the carbohydrate ring:
While Opec in distress reviewed
The synthesis of starch from crude.

★

Wall Street analysts foretold
A flight from copper, zinc and gold,
And White House strategists demanded
Return to the Potato Standard.
Friedman joined the advocators
Of tight control of seed potatoes;
And Downing Street was quick to see
Manipulation of P3
As the relevant equation
For final conquest of inflation.

★

But James was keen to leave decisions
On politics to politicians,
And moved with great reluctance to
Subvert a government or two,
Executives of Hot-Potatas,
Irrespective of their status
And the colour of their skins,
Daily disavow their sins.
Renewing oaths to Hondy Fries,
To multinational enterprise,
And James O'Rourke's financial plan
For global brotherhood of man.

Bertie Ramsbottom

Next week: The young executive

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

No golden handshake

We are a small manufacturing business and over the years have built up a substantial cash balance on which corporation tax has been paid. Two of the four directors wish to retire. Could we release this money in the form of a severance payment or golden handshake and would such payments be free of tax?

You have not given us many facts to work on, but the answer is almost certainly no. After the directors in question have actually resigned, we suggest that you discuss the possibility of ex-gratia payments with the company's accountants, since they know the full background facts as well as the law and current Inland Revenue practice. The prospects are dim; if the matter were broached while the directors in question are still on the board, the prospects would be even dimmer.

Covenant for repairs

According to the terms of his lease a tenant of mine is responsible for internal decoration, but refuses to carry it out. How can I make him do so?

You can enforce a repairing covenant by action in the County Court (or High Court if the cost of repairs exceeds £5,000).

Estate agents' commission

We had agreed with a firm of estate agents that we would pay them 10 per cent commission on the annual rent of office premises if they found us such premises. It was expressly agreed that such premises should have telephone and telex systems installed and fully operative. Unknown to us and probably unknown to the estate agents also, the telephone system was not operative when we moved in. We applied to British Telecom, paid the necessary installation charges, and a week after we moved in the telephones were installed. Do you think we should pay the estate agents their full commission, or half (because the telex was operating), or none?

As it was incumbent on you to check that there was a telephone system which was fully operative we very much doubt if you could escape liability to pay the full commission, especially if no telephone system was installed when you took the premises. However, you might be able to negotiate a reduction in the commission by the amount which you have incurred for installation charges, or some figure based on that cost.

A dilatory liquidator

I am a shareholder in a private company which was put into shareholders' voluntary liquidation. Together with one of my fellow shareholders, we control 50 per cent of the company. Neither of us are working directors. We have repeatedly asked the liquidator for a statement of affairs and this has not been forthcoming. We were told that meetings should be held within a 12-month period of both creditors and shareholders. We have now been waiting nearly two years and the liquidator has produced not even one piece of paper. What action should we take?

Your best course would be to petition for the compulsory winding up of the company after notifying the liquidator of your intention to take that course, there is still no ... to implement the voluntary liquidation. Section ... of the Companies Act 1948 enables you to take that course.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

FINANCIAL TIMES SURVEY

Wednesday January 20, 1982

FUTURE OF INDEPENDENT BROADCASTING

The advent of breakfast television and a fourth channel, reshuffling of the TV companies and growth of local radio stations are among the many profound changes currently affecting the independent British broadcasting industry, which has yet to meet the challenge of cable and direct satellite transmissions.

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Editorial production by Catherine Darby

Not a painless revolution

BY ARTHUR SANDLES

TO SAY that 1982 and its immediate successive years will prove to be a period of profound change in the nature of independent broadcasting in Britain may prove to be something of an understatement.

By general consent the UK boasts the finest broadcasting system in the world. It opeartes on a peculiarly British basis with separation from government and yet with a firm grip of supervision from government-appointed bodies. Its checks and balances baffle outside observers. And yet this system of which we are so proud is currently in the midst of a revolution.

Independent television this year is new faces, new companies is about to produce a new channel and next year will offer a breakfast service—perhaps beaten to the draw by the BBC. New radio stations are opening at a considerable pace and hovering in the wings, cable television systems promise to burst from their present experimental restrictions and form a new arm of commercially operated broadcasting. Meanwhile the industry awaits the first direct broadcasting satellites.

The ITV system enters this new phase in its life, if not as prosperous as it would like to be, certainly more prosperous than it feared it might be. Advertising has remained relatively buoyant and ITV is now edging towards the £600m year-on-year revenue threshold. Fears of financial calamity, particularly thanks to the reorganisation of initial financing for the Fourth Channel, have receded.

Nevertheless there is still a degree of financial nervousness around the industry, which is why the breakfast show has been delayed. Indeed there are few more entertaining words to be thrown into a media debate these days than "breakfast television," stimulating as it does an argument over the virtues and dangers and, above all, the prospects for the viability of such a service.

Next year we are going to see the reality rather than the theory. Then Mr Peter Jay and his colourful team will put TV AM onto British screens. It is possible that the BBC will try to steal the Jay thunder between now and then—it has after all rather more money in its pocket now and will soon have a new director general—but it is on ITV's efforts in this area that attention will really focus.

Meanwhile the immediate problem for ITV is the settling down of the new order. Reviewing the events of the past year or so, and looking into the future, Mr Colin Shaw, the Independent Broadcasting Authority's director of television, admits that the reorganisation of ITV has been a disturbing process.

"Nobody who has lived through that experience (the choosing of the new franchise holders) would deny that the process is a deeply destructive one, even though at the end of it, the bope that a strengthened system, with improved programmes at all levels, will emerge.

"Confidence is inevitably lost—the confidence of programme-makers uncertain of their futures, the confidence of management unwilling to make long-term investments, the confidence of investors doubtful of a proper return on their stakes.

"We have to try in the next few years to restore confidence. We need it not merely to secure quality on ITV, the first channel. We need it to sustain Channel Four, the second channel, at the end of 1982 and in the long run-up to the launching date before that. We need it to provide a sound foundation for the breakfast time service which, under a 16th company, ITV will launch in 1983."

Mr Shaw reckons that all that is quite enough without having new sources of programming arriving on the scene in the form of cable or satellite systems. Both the IBA and the ITV companies themselves want the British government to take it easy as far as the introduction of new services are concerned.

"The companies share the Authority's view," says Mr Shaw. "That there is an urgent need to protect the present system at its present stage of development."

For anyone with a long memory the sound of a senior IBA official talking about the need to preserve "the present system" may bave a piquant ring about it. The Authority was after all, itself created in 1954 (as the Indepeodent Television Authority) precisely to upset the then BBC monopoly.

The name change came a decade ago, along with the first steps in the creation of the commercial local radio system in the UK. Since those early days, including a faltering start followed by the "licence to print mooey" period, the system has matured considerably. A venture, which was once more ideotified with *Sunday Night at the London Palladium* than with cultural projects, now wears *Brideshead Revisited* as a a creative crown.

The argument now really centres around wbether ITV has seen its golden years (ILR has yet to reach nationwide maturity) or wbether the recent changes were really the start of something new and wonderful.

Whatever the thinking behind the process the real test is whether or not the new system actually works. The Authority, with backing from Government, has edged independent television into a greater regional identity—notably in the South and the Midlands—while expanding the truly local aspect of broadcasting through the ILR system.

It is planning to fill the cultural gap with the Fourth Cbannel and the time gap with the much-argued breakfast service The theory of it all seems commendable; as for the practice, we shall have to wait and see.

Perhaps the saddest thing about the two-year birth pangs of ITV as it has been restructured for the 1980s is that few people involved seem to have gained much joy from the experience.

The IBA itself can hardly look hack with delight on either the allocation process or the tidying np that came afterwards. And yet no one seems to have come up with the mucb sought, acceptable "other way."

Even with the promised boom in new television services Sir Brian Young, IBA director general, believes we may have to go through it all again.

"I think tbe 1990s will still see two main UHF channels in tbe particular hands of a limited oumber of ITV companies, even though the franchises will be less attractive when there is competition from cable and satellite and re-engineered VHF. If the franchises are still desired and there are more contenders than there can be contract holders, then a process something like the 1980 franchise affair will have to happen again."

It is a daunting thought.

The empire strikes out

IF THE past 18 months have demonstrated anything in British television it is the power that resides within the Independent Broadcasting Authority, and the willingness of that authority to flex its muscles.

To the average viewer the success or failure of ITV in the 1980s may seem to rest on the abilities of the programme companies; but it is the IBA which, now more than ever in the past, controls the fortunes of the system. It has imposed its will on everything from shareholdings to programme scheduling.

It continues to do this in the name of protecting the public from the evils of raw commercialism. Policing by the authority is the price hoth radio and television companies pay for the privilege of holding a monopoly of broadcasting advertising within the UK. It is, however, a price that some find irksome and one which some companies feel the IBA is now over-zealous in extracting.

The role of the IBA, the product of another great British compromise between unfettered competition and tight state control, is rather different from that of the BBC. While the Corporation controls all aspects of its activity and is answerable only to Government — and not eagerly answerable even there —the Authority acts more, as ground-based admiral wbose fleet is highly independent and often capricious. The authority itself owns the ITV/ILR transmitters and decides who the broadcasting companies will be.

Via its selection process and regular monitoring of programme content and standards the IBA has a strong influence

IBA

on what is actually seen hut, unlike the BBC, it is not itself a programme maker.

Most recently the aspect of the IBA's activities which has been foremost in the financial columns has been its attitudes towards the structures of the companies under its charge. Its determination, come what may, to have the final say in who owns the companies which operate its franchises has meant that it normally insists on the voting stock ownership heing retained in a relatively few hands.

It would take a great deal to sway the IBA away from this policy completely, although the recent moves with Television Sonth West have indicated that it is willing to accept a full enfranchisement of shares under certain terms.

Eveots at Westward Television and ACC seem to have convinced the memhers of the Authority that there are disadvantages as well as advantages to absolute adherence to the original policy.

Persistent enquirers to the Authority on this point are likely to be told that it continues to wish to retain the power to prevent changes in the control of the parents. "This wish applies whether or not the parents' activities are extensive outside television and its related fields."

And, says the IBA, "the reason for this policy can be simply stated.

"A television contract is an important public property, to he granted only on the basis of IBA consideration of competing applications (wbere there is more than one contending

CONTINUED ON NEXT PAGE

The allocation of contracts means that 14 regions are now serviced by 15 TV companies, soon to be joined by TV-AM and Channel Four

Financial thorns in a rosy future

It would not be an exaggeration to say that the last round of contract allocations in ITV left a nasty taste in the mouth of most of those involved—except, of course, those who found themselves brought from the touchline into the main game. It provoked one of those quotations that hang around the neck of those who make them for years afterwards: "There must be a better way," said incoming IBA chairman Lord Thomson.

Since that public sigh of concern, if not despair, the Authority seems to have returned to the view that any better way is extremely difficult to find.

"One thing is certain," Sir Brian Young, IBA director-general, told the Royal Television Society conference in Cambridge a few months ago, "whatever we do, we do not please everyone, but will be accused either of being too cosy with our friends and too unwilling to have a radical rethink, or of being too rashly swayed by unrealistic ideas and promises that cannot be fulfilled."

The ITV company system is based on 15 contractors currently offering services in 14 areas. London has two franchise holders: Thames and London Weekend. Two additional names will be joining the total soon: Channel Four, operating nationwide and on new frequences, and TV AM, also nationwide but using the frequencies of the present contractors for its morning service.

Mainstream ITV-1 services into the 1980s will continue to be dominated by the "network" stations. These five companies — Thames, LWT, Granada, Central and Yorkshire—have the task, and perhaps the burden, of providing the bulk of networked material, this is programmes which are shown throughout the system.

Quite apart from the behaviour of the advertising market, probably the biggest single impact on the fortunes of the companies over the next few years is likely to be the performance of the Fourth Channel. In overall terms the portents are favourable. The general consensus is that the channel will still be operating at a loss in 1983 but that this loss will be at an aceptable level.

However, the channel is financed by subscriptions from the companies, which then have to recoup their expenditure by the sale of advertising space.

Obviously sales teams will vary in their ability to sell this time, and viewing levels will show considerable regional differences. Assuming Channel Four to be nearer BBC-2 in content than ITV-1 (an assumption which Mr Jeremy Isaacs might hotly dispute) it will do markedly better in London, the South and East Anglia than in the traditional ITV high-viewing areas of Yorkshire, the Borders and Northern Ireland.

It is the local relationship between sales and costs which are of crucial significance to individual companies rather than the overall picture—no matter how rosy that picture may be.

There was considerable market nervousness about the prospects for television companies until the IBA softened its approach to the financing of Channel Four. Subscriptions to the new operation were cut from a feared £124m (including £20m for the Welsh service) to £49m, less even than the £60m to £80m that had been mooted by the IBA in 1979.

The IBA may be fussy in the extreme when it mothers its charges but it is also keen to ensure that no one gets into really deep financial trouble. Even if they do it will bend over backwards to help out. Thus a company that is seen to be misbehaving (for example, Westward in 1980) will get short shrift but where the fault lies outside the company's power of action it will step in.

If economic circumstances swing against the system as a whole, or one company in particular, shareholders, even non-voting ones, can expect Lord Thomson and his team to come to their help. No one is going to get a licence to print money anymore, but neither is anyone going to be driven to the wall if the IBA can help it.

Television companies are increasingly hemmed in by the IBA's lack of enthusiasm for diversification. The Authority does not want to see management eyes taken off the main ball of making TV programmes.

While companies have argued that diversification can see a TV company through lean years, the IBA has argued that the reverse flow is also possible and not, in its view, necessarily desirable. TV companies are no longer expected to say that they are in it for the money, they are instead asked to make a modest return in exchange for the privilege of broadcasting.

If you really want to see the air turn blue over the roof of the IBA's headquarters, opposite Harrods in London's Brompton Road, then suggest that its approach to the companies is amateurish and lacking in basic City skills.

"Obviously you can debate endlessly (in the wake of the reshuffle) whether we got the right balance, between giving the public the service it ought to have and enabling the ITV companies still to attract the investment they need." Sir Brian Young told the Royal Television Society conference in Cambridge last autumn. "But there was nothing slapdash or amateur about the attempt to get the right balance."

Sir Brian and his chairman, Lord Thomson, are normally the most sanguine of executives. This particular aspect of criticism seems, however, to touch a raw nerve. Both can grow quite waspish on the subject. Lord Thomson now points out to critics who said that the corporate structures suggested by the Authority for Central and Yorkshire, in particular, could not work have been proved wrong.

Says Sir Brian: "Members of the Authority do have financial advice, they do include people with a range of financial experience. If they decided on what seemed to them an improvement in ITV's service, even at some risk to profitability, then the decision was not taken without a clear understanding of what was being done."

The task of the IBA and the companies over the next few years is to prove these sentiments to be accurate ones. They depend on factors other than the attitude of the IBA, of course. The continued buoyancy of advertising is one of these and the ability to the industry to control its costs is another.

The settlement of the lengthy pre-Christmas 1980 dispute was a hugely expensive one for the companies and they are now desperately trying to claw back their positions. Television, like other communications businesses, is being flooded with new technology and, even in something as relatively new as TV, there is considerable resistance to rethinking on methods and manning levels.

Nonetheless the fortunes of ITV generally, and therefore of the companies involved in it, look rosier than in many other fields of consumer product activity. Even if the lights of the British economy continue to show but dimly, the one that comes from the corner television set may be among the last to be hit.

A. S.

New clients and a broader base boost television advertising revenue

IT WAS Lord Thomson who said that possession of a UK commercial television franchise amounted to a licence to print money—a remark for which the moguls of ITV have never forgiven him. He was right, of course—or nearly so—as a look at ITV's recent revenue growth makes clear.

In 1978, net advertising revenue of the ITV companies (after ironing out agency commission and advertisers' discounts) was £363m. The following year it sagged a little, to £346.8m—solely a result of the damaging technicians' strike in the autumn of that year.

In 1980, bolstered by a first-half flood of money carried over from the strike, ITV revenues jumped 53 per cent, to £529.3m. And in 1981, to quote Carr Sebag's analyst, the "tremendous buoyancy" in television airtime demand continued unabated.

In a manner that confounded most forecasters, advertising funds flooded in. In October, revenues were 26.2 per cent up on October the previous year, at £67.02m. In November, they were 35.8 per cent higher, at £71.88m, while in December, they are thought to have been around 30 per cent higher, taking the total for the year to around £610m, a gain of 15.3 per cent.

According to Sebag's, this was a far better performance than expected at the start of the year, the strength of last-quarter demand being of particular significance in that the October-December period is in any case ITV's strongest.

In the view of Sebag's, as well as that of agencies like Young and Rubicam, after adjustment for the significant boost given to airtime demand in the first quarter of 1980 following the strike the previous autumn, there was still probably an underlying rate of increase in ITV revenues last year of virtually 20 per cent, easily outstripping inflation.

The immediate outlook for revenues looks rosy enough, particularly as it seems likely the contractors will push their advertising rates still higher in the near future—rates rose by an average of 20 per cent last autumn, although the actual revenue potential of ratecards was increased by considerably more than that.

As for the medium-term view it could not be more bullish. Both the Advertising Association and most major agencies are anticipating a surge in total advertising expenditure from the second half of this year, with the prospect of record display revenues (in real terms) in 1983.

Most pundits are forecasting gain in ITV revenues this year of 15 to 20 per cent, including a small contribution from the Fourth Channel. Says Sebag's: "Ignoring Channel Four, which does not begin broadcasting until November, we are forecasting net ITV-1 revenue growth of about 15 per cent in calendar 1982, to perhaps £700m, which should reflect another useful rise in real terms."

In addition to the recent relative buoyancy of display spending generally, there are two main reasons for the contractors' current health and wealth. First, their success, in recent years, in broadening their revenue base. Second, though much more intangibly, the belief among certain analysts that television advertising is once again a high-fashion sales tool, advertisers having learnt, greatly to their cost, exactly what can happen to their sales figures if the screen in the living room corner suddenly goes dark, as it did on the commercial channel during the 1979 strike.

As for the broadening of its revenue base, ITV has enjoyed great success in luring in new clients, particularly in the financial, retail, auto and corporate sectors.

Compare 1979 with 1975, for example, and one finds that the share of total ITV revenues accounted for by "consumables" (a category that includes packaged foods and drink) fell from 61.9 per cent to 54.1 per cent over the five-year period.

On the other hand the share of revenue accounted for by durables rose from 15.8 per cent to 20.9 per cent, and there were gains in other categories, like financial and government advertising, as well as the advertising of services.

"The area that is now beginning to develop strongly on television," says Sebag's, "is direct response marketing (selling direct to the customer, as, for example, in giving a telephone number to ring) and with the arrival of the Fourth Channel, the contractors must clearly take every opportunity to expand their client base further."

Relaxing

Indeed they are, the IBA having said recently that it is to consider relaxing the rules governing financial advertising on television. Naturally, the IBA is anxious to smooth the path for the introduction late this year of Channel Four, but it is also responding to recent criticism that its code of advertising standards and practice is too tough in the financial area.

At rate-card costs, financial advertising amounted to £35m (3.1 per cent of the total) in 1980. "That is encouraging," says the IBA, "but we believe the Fourth Channel offers unique opportunities, because of its specialist programming, to promote financial services. Nor should we overlook the growth of independent local radio."

The Fourth Channel (or Channel Four, or ITV-2) could well prove a boon to advertisers many of whom are just realising its specialist potential.

Preliminary first-year revenue estimates for Channel Four range from £90m to £130m (net) but, in the view of some, the eventual out-turn will be much nearer the top of the range than the lower.

The Y&R agency, in particular, has analysed the marketing opportunities on Channel Four and concluded that advertisers most likely to benefit initially include advertisers with nationally-sold products and services, and budgets of between £400,000 and £1m (generally thought insufficient to produce adequate weight or continuity on ITV-1); national or semi-national advertisers with budgets in the £150,000 to £400,000 range; and national or semi-national users whose budgets exceed £1m but are concentrated exclusively on ITV-1 or in rival media (print, or posters, for example).

Yet the agency emphasises that before Channel Four can be slotted into the plans of low-budget advertisers, agencies and production companies have got to find a way to reduce the extraordinarily high cost of producing television commercials.

British TV commercials are rightly famed for creative excellence and lush (sometimes tropically lush) production values. But with the average cost of a 30-second commercial now in excess of £30,000, and probably nearer £40,000, advertisers are understandably cross.

On the other hand, it cannot be said that ITV is not, at present, doing everything in its power to promote its own programmes so as to help bolster its rating vis à vis those of BBCs 1 and 2.

Eleven months ago, at a radio and television conference in Monte Carlo, Mr Tim Bell, chairman of the Saatchi and Saatchi Garland-Compton agency, London's biggest, was among a number of speakers who slated ITV's performance on the programming front.

He accused ITV of "cynical complacency" and "abysmal programming," and said the contractors had all but ceased to sell their own medium. Other agency chiefs have talked of the "arrogance" of TV sales departments, and claimed that ITV is in danger of becoming a money-processing machine that hardly cares a fig for the interests of agencies or clients.

At present, the clamour has abated—which is just as well, given the prosperity in which ITV is currently awash. But it can hardly afford to let its customer relations fall to pieces as it did during the period immediately following its return to the air in late 1979, when relations with clients reached an all-time low.

This is especially so in view of the changing face of the overall broadcasting scene, let alone eventual moves to pan-European satellite TV, which is even now exercising the minds of most major advertisers.

Michael Thompson-Noel

Empire strikes out

CONTINUED FROM PREVIOUS PAGE

group). The Authority could not accept a situation where control of the contract, whether through a parent or a programme company itself, could change without Authority approval."

If the attitudes of the IBA towards the company structures fascinates the City, then it is the Authority's involvement in programme planning itself which most closely affects the companies themselves.

For both the IBA and its franchise holders the relationship is a delicate one. In theory the scheme is simple. The companies, in both radio and television, are free to do what they like in the field of creative content. In terms of quality standards and the overall balance of programming then the Authority has the power to give occasional touches on the tiller.

There are times when the grey area between the two responsibilities cause problems. Occasionally a campaigning feature unit will go a little too far in the IBA's eyes and programmes will be delayed or banned: the Authority will insist on low-audience material being shown at peak times in order to maintain balance, even although commercial considerations might indicate a different timing: now and then the Authority's view of what is "good taste" may differ from that of the companies themselves.

Probably the biggest single example of the way the IBA protects its balance, and thus meets the requirements laid down for it by the Act under which it operates, is its determination over the years to keep the News At Ten exactly where it has always been—at 10 pm. The companies have long chafed against this since, some of them would claim, this provides an artificially early end to the evening's entertainment.

The IBA's enthusiasm for taking its job seriously means that membership of the dozen-person Authority is no sinecure. This is increasingly the case as the organisation has demonstrated its eagerness in recent years to go out to the people.

Under the previous chairman, Lady Plowden, IBA's dedication to public interests meant that members seemed to spend much of their time in trains and aircraft travelling the country to hear local views. It was a campaign of meeting the people which reached its peak during the selection period for the new television companies, but there is still deep concern within the IBA that it should not be seen to be too London-oriented or too inconsiderate of public views.

Just as the companies beneath the IBA umbrella have changed recently, so the Authority itself may be in for a period of alteration. It has a new chairman, Lord Thomson, who may have spent the past year tying up the loose ends after the Plowden reshuffle but could be expected now to start imposing his own views on the course of IBA attitudes.

It will not be long before the director-general, Sir Brian Young, retires. His own appointment, completely from outside television, caused surprise to observers of the industry and near despair within it. The academic autocracy that was expected was not so aggressively displayed as many had feared, however. The speculation now is whether the Authority will go outside again for their new chief executive.

Whatever happens, the next few years are going to be fascinating ones for IBA-watchers. Its empire will be immeasurably larger and the pressures upon it similarly increased. Perhaps its problems will be greater than those for the BBC since, unlike the Corporation, independent broadcasting's fields of activity are strictly limited and its structure somewhat inflexible. But, as the past year or so has shown, the IBA is not unwilling to grasp nettles.

A. S.

Whoever you are, you'll turn to us sometimes.

In early November Channel 4 goes on air. Adding a new dimension to television. For viewers. For advertisers. For independent film producers. For just about everyone in fact.

Because 4 is the first of the TV Channels to go national on Day 1.

Reaching 87% of the country. Around 40 million viewers from the word go.

What's on 4 for viewers?

Our programme philosophy is one of choice.

We want to encourage people to be selective in what they watch.

We are broadcasting specific programmes for specific audiences. For individuals with particular interests and concerns.

The young. The old. The business community. A's and B's. And ethnic groups.

There'll be programmes they'll all want to watch. Some of the time.

Audiences of all sizes.

Obviously we won't expect huge audiences for David Wilkie in 'Learn to Swim'.

And we'd be surprised if the elderly want to watch 'Reggae—a people's music'.

But while we aim to produce 'distinctive' television, nevertheless we are aiming to achieve an average 10% viewing share.

And to reach mass audiences from time to time with our comedies, films and soap opera.

The opportunities for advertisers.

4 is going to add to the total market for TV advertising.

Big budget advertisers and their agencies will be able to look at 4 as a way of increasing their audiences.

While small budget advertisers will be able to appear on the small screen for the first time.

And target their messages more accurately to the specific groups they want to reach.

Where do the ITV contractors fit in?

Advertising time will be sold by the existing TV contractors, alongside ITV. Not in competition with it.

For them it will mean an increase in revenue, rather than a redistribution of it.

A national event.

Whenever an event of national importance is screened on TV, more sets are bought. More are rented.

The Royal Wedding, for example, encouraged many to trade in their old sets for new ones.

The advent of 4 may well have the same effect, giving a boost to manufacturers and retailers.

A fillip to the film industry.

We'll be giving the British Film industry one of its greatest opportunities ever.

Millions of pounds are earmarked for independent productions already.

And by looking outside for new material, we'll encourage creative, innovative television.

Some simple economics.

In itself 4 will be a small company. With no more than a few hundred employees.

Yet, to reach our objective of at least £100 million advertising revenue in 1983, we'll be providing advertisers with greater, more profitable opportunities.

We'll be giving agencies a wider choice of media.

We'll be creating new jobs. In short, we aim to create more wealth than we consume.

The show about the shows.

We are making a series of presentations to key marketing, media and advertising people on February 9th and 10th in London and shortly afterwards, across the country.

Wherever you are, if you'd like to know more about what we'll be saying, write to Diana Hall, Channel 4, 60 Charlotte Street, London W1. Tel: 01-631 4444.

Technical developments make the future indefinite

IN THE entire history of broadcasting, never before has the future development of the medium been so uncertain as it is in 1982. The doubt arises not from pessimism, but from an embarrassment of riches. There are now just so many options available that no one any longer knows anything reliable about the future of *broadcasting.*

The options—often restated but rarely twice the same way—are based on three main areas of technical development: satellite transmission, cable relay and home video. In a well-ordered world, these developments might be seen as merely refinements to the status quo: technical aids to the broadcasters. Until recent years, broadcasting has been merely a convenient method of sending TV and radio programmes to the home—with huge capital investment at the sending end, minimal cost at the receiving end.

Satellite transmission might be regarded as merely a more elegant way of performing this job — dispensing with, for example, ITV's 535 regional transmitters and relay stations and doing the job with just one or two aerials in a geostationary orbit high in the sky.

Cable relay is another way, although at first impression *clumsy,* involving the subterranean laying of cables or optical fibres, individually connected to each home receiver.

Home video extends the possibilities, allowing the user to tape off-air from conventional TV broadcasters, satellites or cable TV (if connected)—or to by-pass the broadcasters altogether and buy or rent TV programmes from a new industry which holds no political or financial bars to membership, as does broadcasting.

It is the last part of that paragraph which contains the nub of the problem. Home video has unleashed a torrent of entrepreneurial activity, some of which cuts right across territories that have been the pre*serve of traditional broadcasting* (for example, opera, feature films). That giant aerial in the sky offered by satellites raises the spectre *of foreign incursions,* breaking through at least the political bars—albeit at a price. The tenacious lobby mounted by the cable TV industry in Britain has at last won some concession from government in the present subscription TV licences now sanctioned.

Until these developments occurred (only significantly in the last five years), the broadcasters had little reason to respond to the new technical options. With about 99 per cent of the UK population now covered by the IBA's UHF transmission, and the technical quality of colour television probably the *best in the world,* why worry about finding new ways to spend money?

The commercial pressures of the past year or so, especially those which open the club to wider membership, have caused enough concern. Home video is not only a challenge to the average viewer's four hours a day spent watching broadcast TV (which for the average evening viewer means almost saturation point); it is additionally a potential competitor for adver*tising revenue. Some major com*panies are now preparing to divert a part of their budgets into home video, attracted *especially by the precision with* which audience groups can be identified and the freedom from government controls.

Loyalty

Satellite and cable TV clouds the issue further. Will viewers pay out about £250 to install dish aerials and further dilute their loyalty to ITV and BBC (already divided 50/50)? Or rush out to pay an extra £10 per month (or more if all costs are included) to have a cable TV service additional to BBC and ITV? If the Home Office protects ITV by prohibiting advertising on satellites and cable, will foreign satellite operators pick up enough revenue from UK advertisers to justify an English language service? It is claimed by some that Europe has a vast, underspent advertising budget available.

The challenge to the broadcasters looks increasingly like home video, where the viewer is funding the capital costs of the system, regulation is unthinkable (at least in Western society), copyright problems are almost containable, and the free market economy allows the viewer a really wide choice of programming in return for paying a realistic price for it.

Sensibly, the broadcasters are taking the view that their main assets are in programme pro*duction*—with talent as well as technical facilities. Video, satellites and cable are only means of distribution, and as *long as the ITV companies* (and the BBC) sustain their domination in production, they remain powerful elements in the media equation.

But the superiority of ITV and the BBC has been based not only on programme production. Technically, the transmission of television programmes by air has also offered better quality than video and audio, and for some time might be technically better than domestic satellite reception.

There are, however, some major technical decisions facing the broadcasters in the next decade; decisions which could involve capital expenditure of alarming proportions. First will be the addition of stereo sound (not in itself a costly exercise—but essential to compete with home video).

Next is the adoption of digital systems, replacing the present analogue technology; a changeover that is slowly happening at the production end, but how far will the economics of broadcasting allow it to spread into the distribution chain?

Third is the winding up of VHF television transmission in 1987, immediately calling for a re-engineering of this valuable resource—perhaps as a network for local TV programming.

Finally, there is the spectre of a complete re-engineering of the nation's entire television broadcasting system, replacing the present 625-line standard with a high resolution system.

The last possibility would bring to viewers cinema quality pictures, with hi-fi stereo sound, and, in a new "wide screen" format similar to that used in the commercial cinema today. The costs and upheavals in the industry this are frightening, but so too are the consequences if the broadcasters fail to accept this challenge.

The pressures on broadcasters are thus not only commercial, but also technical. It may be that the traditional methods of programme distribution (by terrestrial transmitters) will become as outmoded as those of the film industry; where the product survives, but the method of exhibition comes more under the direct control of the viewer.

John Chittock

Brighter prospects for independent producers

IN THE 1950s and 1960s, the cinema held a magical fascination for young people, especially those who wanted to make films. The medium gave birth to an industry within an industry, that of independent production.

In the last year, two events have now heralded a dramatic change in the fortunes of the independent producer: Channel Four and *video.* The *former* is pledged to use at least 15 per cent of independent production (some expect it will be as high as 25 per cent), and the latter has provided an outlet for inexpensive short film subjects, such as the cinema could never emulate.

Indeed, independent producers who attempted to make a living out of the cinema often used to complain that their returns from the distributors would barely cover the costs of the release prints. Video has changed that dramatically, and so too has Channel Four—even before it is on the air—because an independent producer now can enjoy a firm commission, where once he was risking his own *money* without any guarantee of a penny in return.

This change is important in understanding the transformation that independent production is now undergoing. Whereas a few people in television have worked independently very successfully they have generally worked as freelance producers rather than independent businessmen with a significant stake in their products.

Now the video industry has spawned a self-supporting independent production sector which is not necessarily dependent even on the sponsored industrial film. Ex-TV people, such as Michael Barratt, Michael Peacock and Mike Wooller (it pays to be a Michael) are now heading up independent companies deeply involved in video and television. And the rapidly-growing Independent Programme Producers' Association contains amongst its members many names from the 60s or 70s who either tenaciously struggled to succeed in the cinema or turned repeatedly to sponsored films for sustenance—such as Rodney Giesler, Martin Benson, Gordon Bradley and Ian Shand.

Sponsored

For those who accepted a total commitment to sponsored films, video and Channel Four have come along at just the critical moment when the sponsored industry was in decline. Up to date, still months before its starting date, Channel Four has commissioned 227 productions worth £8m from the independent sector. At approximately £35,000 per production, *this* trebles the value of an average sponsored film today—and in numbers of programmes is probably half the total now being sponsored by industry from commercial companies.

The bridge between sponsored films and Channel Four is still causing engineering problems. Apart from the straight commissions from Channel Four, many sponsored film companies believe that industry itself should become an important source of new programmes for the channel. Not only will this supplement Channel Four's production investment, providing a supply of high quality arts and leisure programmes, it should also offer industry a chance to make its own voice heard—in line with the diktat that Channel Four will air material seldom seen on the other TV services.

There is, however, a lobby still opposed to sponsored films on Channel Four, mounted by some (but not all) in the ITV companies. For independent producers, the subject has become so sensitive that some even refuse to use the word "sponsored" because its meaning has been grossly misrepresented by the antagonists.

Nonetheless, industry has demonstrated its capacity to spend money on truly great examples of film-making—such as Bert Haanstra's *Glass* (Royal Leerdam), Robert Flaherty's Louisiono *Story* (Standard Oil) and John Schlesinger's *Terminus* (British Rail). If Channel Four doesn't take the new generation of sponsored films, the video market will—and the latter is *equally* important to Channel Four's finances.

Video

Indeed, Mr Justin Dukes, managing director of Channel Four, has recently quoted figures suggesting that video in 1981 yielded the UK television industry revenues of £580m, *against TV film exports of only* £62m.

In their just-published terms of trade, Channel Four is offering producers 30 per cent of exploitation revenue, much of which will come from video as well as cable TV and overseas broadcast sales. This again offers a financial boost the like of which independent producers have never known before.

Cable television, especially overseas, and the prospects of satellite TV, now provide valuable secondary markets for the independent producer.

Most of this new activity is on film, a small percentage on video tape and, for Channel Four, some will even occur as live productions. The emphasis of film is certain to shift slowly towards tape, which opens up *another new industry.* Until recently, the availability of independent TV studios has been limited because most of the production was ITV- or BBC-based, or for much smaller projects such as TV commercials.

There is now much boardroom activity in trying to predict the new TV studio needs *of this independent* production sector. It could become another great bonanza, fuelling video, Channel Four and cable TV. But the capital investment needed is substantial and the market is not quite there—yet.

The reality, however, of a new production industry which in 1981 generated more revenue than the £650m of TV set sales—yet with very few commercial factories available to make the programmes in—is a prospect worth pondering on.

J. C.

Need to market radio's advantages

THIS MONTH Moray Firth Radio, broadcasting to the Inverness region, goes on the air, the 34th commercial radio station to be based on Britain's mainland. In just over eight years 75 per cent of the population has gained access to a new advertising and communications medium and by the time that the 69 stations authorised by the Home Office come on stream at the end of the decade there will scarcely be a home in the country unfamiliar with commercial radio.

Indeed, the second generation of radio stations is waiting in the wings. The contract for London Broadcasting (LBC), the all-news station which was the first on the air in 1973, comes up for renewal this year, with Capital Radio, by far the biggest station, facing a challenge from new hopefuls soon after.

Even so, although commercial radio has been a success, with local groups actively competing for the next batch of stations coming on the air — those serving Newport, Guildford, East Kent, Barnsley and Stoke — it is still a very small advertising medium, taking less than 2 per cent of total UK advertising expenditure.

In 1981 around £48m was invested in mainland radio advertising (Radio Luxembourg remains a special case), a rise of only 7 per cent on the previous year. Since it was a very good year for the advertising industry generally, radio obviously had its problems, although there was a marked improvement in demand in the last half of the year and the medium is "optimistic" about 1982. Comparisons with 1980 really are odious, moreover, for that was an *annus mirabilis* for radio because of the extra business gained as a result of the ITV strike.

The main problem has been the reluctance of the major advertising agencies to advise their big packaged goods advertisers to use radio. In the U.S. it is an accepted part of the media mix, but in the UK the companies that have traditionally been the biggest advertisers have been suspicious of radio. This could be because advertising agencies gain more commission from the much greater TV budgets; or because radio has only gradually approached being a national advertising medium; or that the agencies cannot be bothered to put top personnel on a peripheral medium which in its early years has contributed little to agency profits.

Expensive

The fact is that 1981 was a difficult year for independent radio mainly because of the national advertisers preferred to devote their budgets to increasingly expensive TV commercials. The split between national and local advertisers on radio was only marginally in favour of the national brands, as aganist 65 per cent national advertising a few years ago, and for London, where local radio is almost a contradiction, the reluctance of national advertisers to invest meant that LBC failed to raise its revenue, and that Capital Radio changed its programming format dramatically in an attempt to appeal to housewives as a means of persuading packaged goods companies, like Procter and Gamble and Unilever, to make more use of radio.

More changes for Capital Radio can be safely predicted this year as Jo Sandilands, who joined in the autumn as programme controller after a stint as editor of *Woman*, gets into her stride. Over 4m Londoners a week listen to Capital but she would not mind too much if some of the younger addicts fell away to be replaced by former Radio 2 women listeners. Even so Capital had its best October ever, with an advertising revenue of £1.4m and during 1981 it attracted £14.66m in advertising, a rise of 7.4 per cent—*not bad but not enough to* signify real growth.

The Capital range of advertisers expresses the problems faced by commercial radio in the UK. Retail stores account for over 30 per cent, followed by film and theatre advertisers with 11.4 per cent, and food, traditionally the major advertising sector, with just 9.1 per cent. Publishing, holidays and car advertising come next with *around* 7 per cent each.

The biggest single advertisers last year at Capital were News International, followed by two film companies, Lonsdale and Downton; Queensway Carpets; General Motors; and the COI. The packaged goods companies and large retail groups that dominate television advertising are conspicuous by their absence.

Radio is aware of the challenge it faces and the Association of Independent Radio Companies has been making presentations to agencies, extolling the flexibility of the medium and its cheapness. There has also been a rationalisation in the way that radio sells itself, with more emphasis on regionalism, IRS selling air time on behalf of most southern and Midlands stations while BMS looks after the north. Capital Radio has its own sales force. So agencies can now buy regions roughly comparable to television regions. There is also the possibility of buying the whole radio network at the peak listening breakfast period *through* one phone call — the cost of £2,500 for a 30 second spot should interest national advertisers.

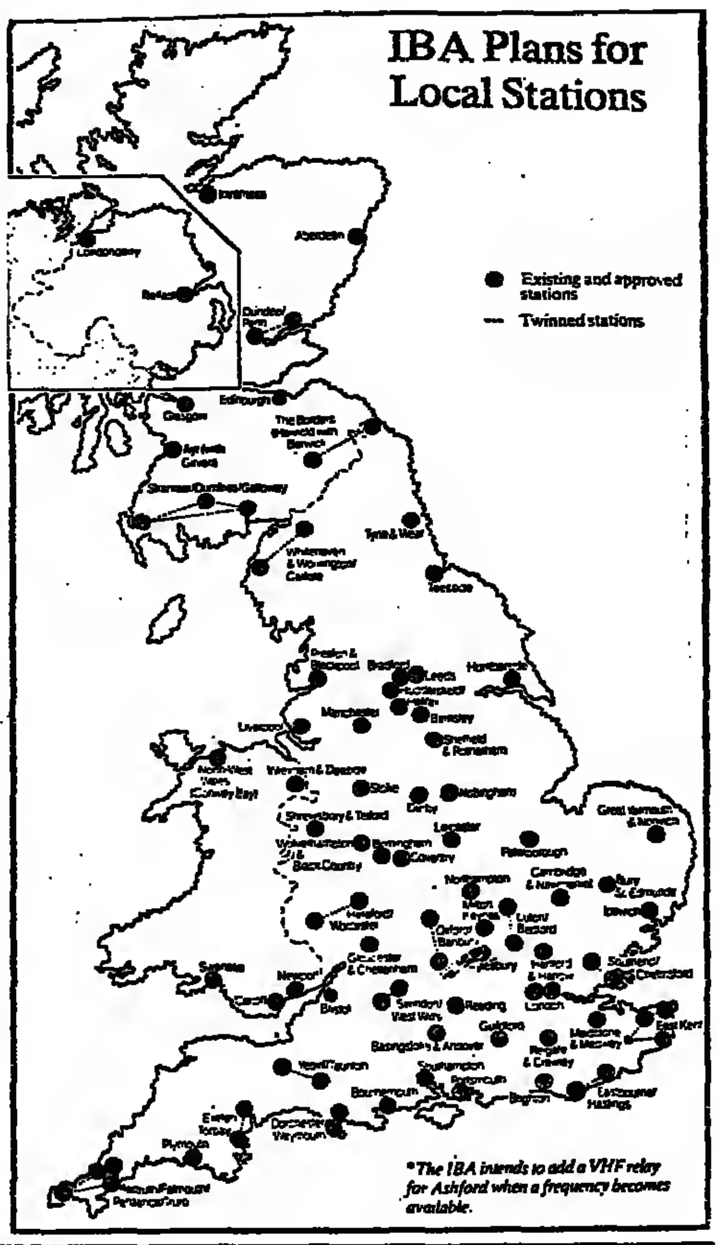
Radio needs to market itself more forcefully in 1982 to get back into growth before the new challenges of Channel 4 and, in particular, breakfast television appear. Already it is obvious that some of the stations are so small, and operating on such narrow margins, *that they might have* to be grouped regionally and share basic services. In East Anglia, for example, the Orwell and Saxon stations have been brought under the Suffolk Radio Group umbrella. At least the financial problems will create more individualism from the smaller stations as they fight to build up local advertising, which will always be their main source of revenue.

Commercial radio enters 1982 encouraged by the better autumn revenue but well aware that virtually all the stations will report lower 1981 profits and that the audience research published last year showed more stations with a decline in audience rather than a gain compared with 1979.

But the stations can also feel *that* they *are* not *getting the* co-operation they need from the advertising agencies. Commercials often sound as cheap as they actually are, and although an effective commercial can be made for less than £250, too many lack much in the way of creative inspiration. This is because the agencies just are not putting their best brains into radio, and will not do so until it offers them better rewards. But this cannot happen until more major advertisers use radio as a matter of course in mixed media campaigns.

It is a chicken-and-egg situation and it is not impossible that by next Christmas some of the less substantial local radio station chickens will have been eaten up by plumper birds.

Antony Thorncroft



IBA Plans for Local Stations

*The IBA intends to add a VHF relay for Ashford when a frequency becomes available.

Stronger accent on local topics

REGIONAL television received a significant boost on January 1 when three new teams of programme makers began to make good the promises that won eight-year franchises from the Independent Broadcasting Authority.

An important theme of the IBA announcements of just over a year ago was a commitment to increased regionalism in both ownership and content. Two new dual regions for the East and West Midlands and South *and South East were created*, the troubled Westward franchise was awarded to TSW (Television South-West), and Thames and London Weekend were told to improve their regional content.

At the time, the IBA said that: "By instituting the dual franchises in the Midlands and South of England, the authority hopes to give expression to the wishes of the people living in those regions to see a greater reflection of their affairs on television than before."

The first signs are that the companies involved have taken their cues and heavily committed themselves to making programmes which reflect the life of their regions.

TVS (TV South), the new service for the South and South East, plans a total of 800 hours of local and regional programming in its first year from its Southampton and Dover studios.

The company is running an hour-long news and current affairs programme, Coast to Coast, from 5.30-6.30 which will also include the ITN news. This has meant doubling the number of journalists employed by Southern, albeit for an expanded area producing two substantially different programmes for East and West.

Central TV, the dual region carved out of ATV, will be concentrating on news and current affairs to begin with and will put out four hours a week from Nottingham, four hours from Birmingham and four hours of interest to both.

"I think the East Midlands does have an identity and Central TV will be trying to reflect that identity," said Mr Jeremy Taylor, general manager of Central TV (East). The company also plans regional documentaries, chat shows and quizzes.

Priority

At TSW the regional accent is even stronger. "Regional programmes are our most important priority. We really would be dead *if they weren't*," said Mr Kevin Goldstein-Jackson, joint managing director and programme controller.

The company is currently putting out eight hours a week of local programmes but this will be increased to 10 by the end of the year. Apart from gardening, fishing and programmes for young people on Saturday mornings TSW has lured Kenneth Kendall to do a *half-hour round-up of regional* and local news for the deaf and hard of hearing.

"Television will become more regionalised. It has to because of the growing competition," Mr Goldstein-Jackson said, who also expects the growth of inter-region sales of programmes by non-network companies.

Mr Goldstein-Jackson believes that, rather as specialist magazines and local newspapers have flourished, so regional television will be the independent companies' trump card in the difficult days to come when they must not only pay for the Fourth Channel but also face increasing competition from breakfast television, satellites, cable TV and video. Certainly many at the IBA believe that regionalism will, in the long run, be the companies' greatest *strength, but* the debate on the subject has far from been resolved.

As Sir Brian Young, director-general of the IBA told a meeting of the Royal Television Society: "Some argue we shall need fewer regions in order to have a stronger critical mass and more centralised financial strength to put on strong programmes against international rivals."

Others argue that there should be more because terrestrial television could do a regional job which satellite *competition could not*.

The difference in view seems, rather predictably, to follow network company v non-network company lines. Mr Taylor of Central, for instance, emphasises: "We are not obsessed by regionalism."

Central, as a network company, is planning to make programmes not just for Britain but for the rest of the world, including satellite television, from its new £20m studios in Nottingham.

Granada, also a network company, believes that the present *proportion of regional* time is about right and that anyway the line between what is and is not a regional programme often becomes blurred.

The IBA reported "a steady demand for more local programmes" from their public meetings before the franchise awards and the Authority said it would like to make further provision for "sub-region" television from individual transmitters when finance allowed during the current eight-year period.

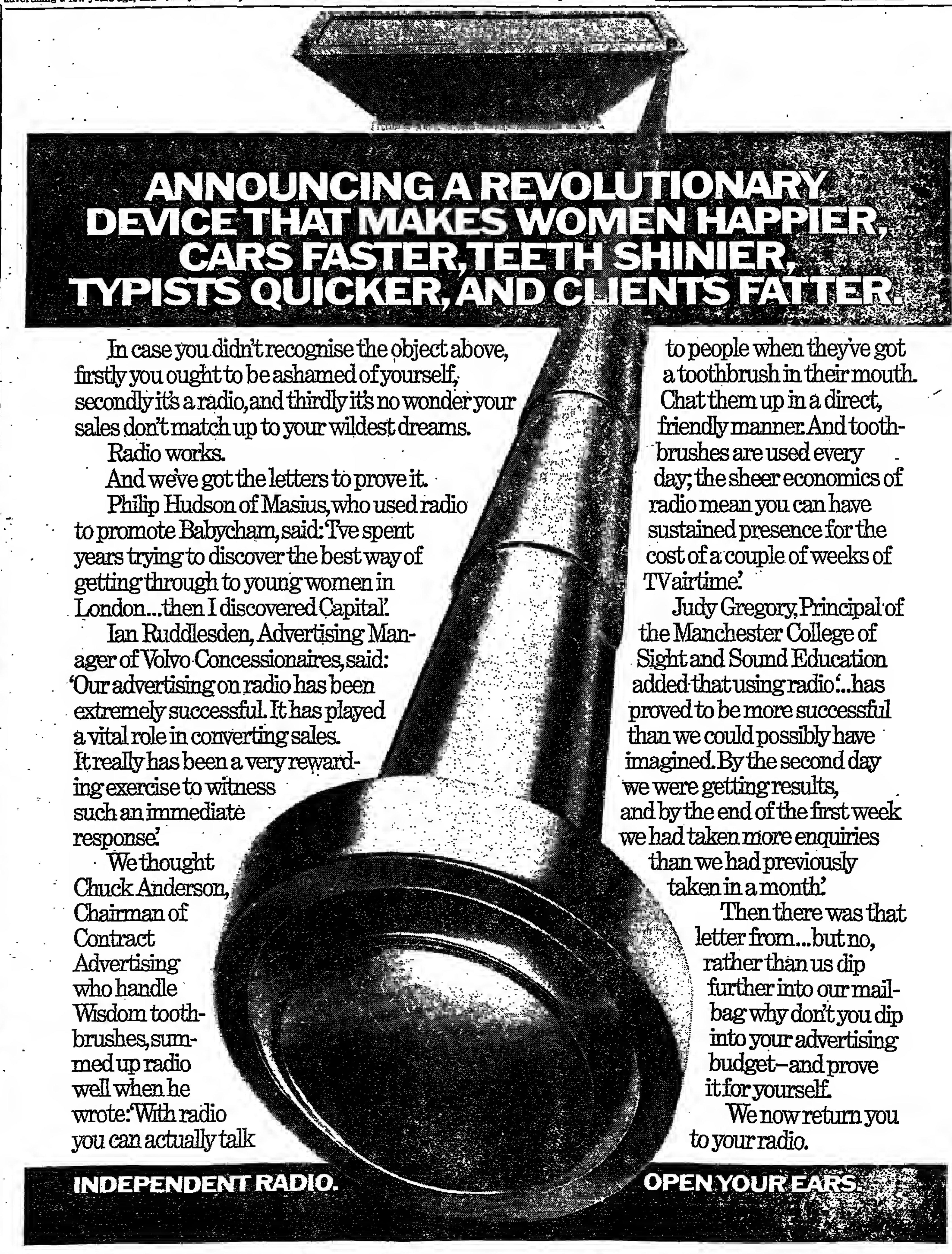
The number of hours of local *programming* required by the IBA has been creeping up. Significant increases in regional programming were expected from most of the companies from January 1.

There is evidence, despite the opponents of "parochialism," to suggest that viewers do like local programmes. Local news magazines score consistently in the ratings.

In Ulster, where local news can present its own *problems*, the local news magazine *Good Evening Ulster* can take more than 40 per cent of all TV homes with only Benny Hill scoring higher on one recent evening.

One important regional development this year—the opening of the new Welsh language fourth channel in November—will remove the last remnants of an unfortunate anomaly. HTV's *Welsh programmes* will move to the new channel and those in Weston-Super-Mare who still get HTV programmes instead of HTV West from across the Bristol Channel will be able to have their Welsh news in English in future.

Raymond Snoddy



How does Peter Jay, the chairman and chief executive of TV-AM, respond to doubts about the future of breakfast television? Chris Dunkley reports.

A lack of petrol pumps didn't stop Henry Ford

Breakfast television in Britain will start in May 1983. Correction: commercial television with that famous line-up of star personalities—Anna Ford, David Frost, Robert Kee, Michael Parkinson and Angela Rippon—will start its first nationwide breakfast service in May 1983 but the BBC will almost certainly beat them to it. That, anyway, is the belief of Peter Jay, chairman and chief executive of TV-AM, the company which won the early morning franchise from the Independent Broadcasting Authority just over a year ago.

Jay, who is 45 next month, could almost have been invented for the job. Son of former Labour minister Douglas Jay and son-in-law of James Callaghan, he was educated at Winchester and Oxford (1st class honours PPE and President of the Union), worked at the Treasury, became economics editor of The Times and presenter of ITV's current affairs series Weekend World and The Jay Interview. He was named Political Broadcaster of the Year and chosen by the Royal Television Society as Male Personality of the Year, then from 1977 until the start of the Thatcher administration, he served as Britain's ambassador in Washington.

Now, with an eight year contract in his drawer and a declared "mission to explain," he is working in a temporary but smartly appointed office in Camden Town, just down the road from Hampstead where he grew up. It faces across the road to the canal-side site where his company's permanent headquarters and studios have reached the stage of iron girders.

When I went there to discover how he responds to the familiar litany of doubts concerning the feasibility of breakfast television in Britain he was not only far from despondent at the prospect of BBC competition, but aggressively bullish about the whole idea of "electronic newspapers." Swinging his long legs up onto the desk like a front bench minister in the House of Commons he said:

"There are three things that I've been saying from the very beginning about breakfast television and the BBC: one, they'll do it; two, they'll do it properly and well; and three, they'll do it first. You cannot preside over one of the great broadcasting organisations of the world and stay out of what is now manifestly one of its most important areas of development."

Assuming then that the BBC does start a breakfast service and that the audience eventually splits 50-50 between them and TV-AM, how big will the audience have to be before Jay's outfit can make a profit? His target, in an age of almost total penetration by both BBC and ITV transmissions, means that 10 per cent to 12 per cent of homes will have to be switching on one of the breakfast services. Does that seem likely? Jay doesn't see why not, and quotes a figure of 12 per cent to 15 per cent of American homes now tuning in at breakfast time.

But we have heard an awful lot in the last year or so about the differences between morning routines, home layout, and set ownership in Britain and the U.S. Even accepting that American figures are now as high as 12 or 15, won't it take a long time to persuade the average Briton to abandon the radio and the cornflakes in the kitchen and take to the television in the living room? Another of those snorts from Jay:

"That argument reminds me of Henry Ford. Ever since breakfast television was first suggested in Britain people have been shaking their heads and telling us what a small number of British homes have second sets, and how British habits aren't geared up to watching television in the morning. Well of course they are not. If Henry Ford had sent out market researchers to see what facilities were like before mass-producing motor cars they would have found endless numbers of stables and bridles and saddles and shovels for clearing up horse droppings. What they wouldn't have found was petrol pumps."

What about the problem of basic resources, the supply of news? So far no agreement has been reached with ITN (they too applied for the breakfast franchise) who will not at present contemplate acting as a "news agency" supplying raw material to TV-AM. They are only offering a fully finished package with the news read by ITN staff.

"There wouldn't really be much point in us having five of the best known presenters on television if we were going to have the news read by somebody from ITN," says Jay. "We still hope to reach an agreement allowing us and ITN sovereignty over outputs and co-operation over inputs. If that doesn't happen before we go on the air it's something that I'm sure will just grow like Topsy later."

Whatever happens, TV-AM will be using seven of its own ENG (electronic news-gathering) units and the established wire services. It is, anyway, not the hard news bulletins themselves which will fill most of the time on the breakfast show, but that famous process of "explanation" which will be the job of the star presenters.

Some onlookers in the broadcasting world have expressed doubts about the ability of such a collection of celebrities to work successfully in harness, but Jay declares emphatically that the very thing which brought them together was a shared belief about the need for serious (though not solemn) popular (yet not trivial) analytical journalism. The widespread notion that they were all chosen merely for their fame and then induced to join TV-AM by the offer of vast sums of money clearly irritates Jay:

"Why should somebody who is just a pretty face, making a big income in a secure way, give it all up for the sake of joining an organisation where they're going to have to work through the night and go on the air at dawn. None of them is being paid more money than they were already getting—allowing for inflation—although they do get some shares which will be valuable given that we succeed.

"If you look in detail at their CVs you'll find that they are not stereotype figureheads: they've all done serious work as producers or writers as well as presenters." All have agreed to TV-AM's contracts for 26 weeks in the year, leaving them free to do anything they please for the other 26 weeks anywhere else in the world, and anything except broadcasting in Britain.

Though he admits to an emotional attachment to Fleet Street, Jay has no doubts about the future of the British public's source of morning news: "The mainstream of journalism in future is not going to be in newspapers. I regret that, but I recognise it. Newspapers are obsolescent . . . I regard breakfast television as one of the least risky commercial propositions ever undertaken."

Mr Peter Jay: "I regard breakfast television as one of the least risky commercial propositions ever undertaken."

The Fourth Channel: meeting great expectations

IF THE Fourth Channel, now to be called simply Four, even gets within striking distance of the hopes that are being built around it then its achievement will have been immense. It will at one time bring relief to minority audiences eager for programmes; it will provide a hungry independent production industry with a vast outlet; it will offer TV company programme makers the freedom to experiment; and it will give space for much loved old material to be seen again.

But while viewers may be wondering if the new channel will even approach those objectives, the industry itself has rather more practical concerns. Can Channel Four produce sufficient revenue to cover its costs, and do so within the three-year period that is now regarded as the crucial testing period? Too great a success might produce squeals from the companies themselves, losing audience and revenue as the new offspring flourishes. Failure, however, would present the ITV system with daunting financial problems.

By next Christmas Mr Jeremy Isaacs, the chief executive of Four, will be one of the most talked-about men in the nation since by then the first few weeks of the channel's operation will have been completed and we will all have made our own instant judgments on whether the Isaacs formula has worked.

Show on the road

By any measure he and his colleagues have had very little time to get their show on the road and, in television terms, not that much money with which to do it. Its revenues in 1983, its first full year, are likely to be much the same as those enjoyed by BBC-2 (which stood at £86m in 1981) without the benefits of cross-fertilisation from BBC-1 since Isaacs will have to pay for supplies from the main ITV companies.

By no stretch of the imagination is Four going to be a rich channel, and this has led to some very hard bargaining indeed between it—the chief negotiator being Four's Mr Justin Dukes—and its suppliers.

In a perfect world for Four the channel would have bought complete rights for the average £30,000 an hour it feels able to pay. It is those very residual rights, however, which every producer, whether independent or already part of the ITV system, is eager to retain. Four wants to see revenue generated from overseas sales and from merchandising (soap bars made from Fourth Channel cartoon character figures?) but these are exactly the areas that any self-respecting producer also sees the jam coming from for his bread.

Within the BBC and conventional ITV systems the control over product is much more complete and those organisations do not necessarily have to involve themselves in the minutiae of who paid what if a programme is bought for showing on cable television in Anchorage other than sorting out internal contractual positions.

The difference with Channel Four is that it is a publishing house, not a production house.

This has brought both joy and pain to those who have dealt with the Channel Four company. The relationship between author and a publisher in normal book terms can be difficult enough, but it is compounded a thousand times in something as sophisticated as television. There have been considerable areas of debate over such matters as who funds what, when? How is production and financial expenditure monitored? Who deals with post-showing letters, telephone calls or major rows?

There have been lengthy conversations about what happens when a programme goes over-budget, something which can be caused as much by weather conditions as by inefficiency. Mr Paul Bonner, the channel's controller, told independent producers recently: "We shall expect feedback . . . of the progression of money as the weeks go by. We have finite amounts of money, one overspend is somebody else's programme that does not get made."

Full flavour

Even with the various items of news that are heard about programme commissions, it is difficult to assess the actual form the channel is likely to take. That is hardly surprising. The full flavour of the system is probably unpredictable, even to those most closely involved in it. Clearly it will have a personality of its own, but the form of that personality will not emerge until the transmitters are actually whirring.

The Fourth Channel's main contractual relationship, with the franchise holders themselves, remains to be cemented, although some companies have projects in the pipeline which will be offered to Jeremy Isaacs when the contract position has been ironed out.

The problem, inevitably, is money. Established television companies have higher costs than independents and those companies are therefore seeking a higher reward for their wares. The Fourth Channel would prefer there to be an element of deficit financing — selling shows for less than they actually cost — to get the operations going.

Among the companies, however, there is a feeling that the channel should lower its sights from 50-60 hours a week and pay proportionally more for those fewer hours. Channel Four itself regards such arguments as naive. The reduction in hours would be in low-cost peripheral periods, and anyway a 10 per cent drop in hours does not mean a 10 per cent rise in prices for other periods.

Scheduling the new service is going to present some fascinating dilemmas. On what nights, for example, is it going to place its major audience grabbers; and against what ITV shows? For the two London stations, one holding the weekend franchise and one the weekday, whether Mr Paul Bonner, the channel's controller, and Mr Isaacs choose Saturday night or Wednesday for their most popular offerings is a crucial point.

Inevitably these problems will be ironed out, but not without some blood-letting on one or both sides. If it really came to the crunch the IBA has the power to tell companies to offer shows. It is a fine point, however, whether it has the power to stipulate price.

Debate over Welsh language service

One of the more argued-over aspects of the new television services of the 1980s is the Welsh language service which will be offered on the Fourth Channel in Wales. Introduced after Welsh Nationalist Mr Gwynfor Evans threatened to starve himself to death and budgeted at between £20m and £30m a year, the service is aimed at 540,000 Welsh speakers. ITV companies will have to provide money for the service but are unlikely to get much in the way of a return since demand for advertising may be limited. The BBC has to provide 10 hours' broadcasting a week. The whole system of broadcasting to Wales in Welsh is to be reviewed in three years' time.

Meanwhile, the one thing we do know is that there will be a nightly one-hour news and features programme to be presented by ITN, which will be paid £5.5m a year for the service. This will give ITN the sort of outlet it has been seeking for years and which it has been forbidden by television company programme controllers jealous of their own time and by documentary departments eager to keep ITN off their patch.

What ITN will make of this remains to be seen. But if CBS can make 60-minutes a top ten show in the U.S. . . .

A.S.

THE ARTS

Purcell Room

Kuniko Nagata

by RICHARD JOSEPH

Miss Nagata is an obviously talented, mature violinist with a string of worthy Japanese and European prizes to her credit. Her Purcell Room recital on Monday was chosen to display her best qualities: serious, plain interpretations played with an even, steady bow arm, ample tone and a left hand of impressive consistency.

But constancy of a certain kind is not always welcome. The international subtelties used by the finest string soloists were lost in Miss Nagata's homogenised approach. For her, an E natural was always the same pitch, whether it is the fifth of an A major chord or the leading note of an F minor scale. She could have been playing on a fretted fingerboard for the variety of harmonic emphasis she found. This stiff, unaware intonation made both Beethoven's E flat Sonata Op. 12 and Brahms' A major Sonata Op. 100 deeply uninteresting.

Unfortunately, Miss Nagata tunes her instrument appreciably sharper than the piano. This is a reasonable ploy when playing concertos, since the solo violin needs some additional brightness in order to ride over the orchestral strings. But it is hardly necessary for a duo recital in a space as confined as the Purcell Room and it gave a tense, nervous finish to her otherwise disciplined playing.

Within the limitations already listed, Fauré's Sonata in A fared better than either the Beethoven or Brahms. The soloist found a fresher response to the music and seemed to be listening to her pianist, the dependable, interesting John Blakely, rather more often. Bartok's First Rhapsody was confidently dispatched, full of the right dowoheat emphasis if without the lilt and skittishness this essentially dance music requires.

Covent Garden

Hoffmann

by DOMINIC GILL

Offenbach's *Les Contes d'Hoffmann* is an opera made from first to last—and therein lies its claim to fame, as well as its only claim on our interest—of the purest, unalloyed kitsch: a work which in nearly every respect adopts the manner of fine art without preserving any of its substance. Like all good kitsch, the piece can be stirred up and reassembled in almost any way without affecting its basic nature or purpose: a cut here, an addition there, Giulietta before Antonia or vice versa—who cares about the difference?

A hollow fun-toy, brightly painted, the equivalent in 19th century terms of the second-rate Broadway musical, *Hoffmann* is fun and in one or two pages actually delightful. But I wonder if it's not at least conceivable that the same opulent resources might be even more rewardingly applied to a really first-rate musical like *South Pacific* or *West Side Story*—both of which at least contain a good deal more than *Hoffmann's* one good tune, and are better theatre to boot?

Covent Garden's latest stir of the *Hoffmann* mixture was reviewed here in some detail last Saturday by Max Loppert. Having missed that opening night, on Monday Placido Domingo strode into the leading part. If almost any assumption of the role were not equally plausible, Domingo's would be the perfect fit: a tall and virile Latin playboy with a splendid, muscular tenor voice. There are sure to be plenty of tenpenny pieces to bank during the run: for while Domingo was on stage, it seemed that every lady in the house sat with little red binoculars to her eyes.

Music and dance in Berlin

One of the delights of visiting Berlin is to dabble in the city's run of music and dance programmes. The season at the Theater des Westens began with a Karl Vibach production of Paul Linke's *Frau Luna*, Berlin's first genuine operetta in 1899 and a nostalgic addition to the Prussian Art Exhibit. There's a street named after Paul Linke on the very bank of the Spree—the show's top song, "Berliner Luft," is still on every music-lover's lips; and the composer is as known and honoured here as the Strauss Family in Vienna, Gilbert and Sullivan in London, George M. Cohan in New York, and Jacques Offenbach in Paris.

Picture an operetta midway between George Méliès silent one-reelers or Jules Verne's fantasies and a leggy revue at the Folies Bergères, and your vision of a couple of yokels landing on the moon and meeting the lady of their dreams is not far from *Frau Luna*—in fact, since Paul Linke learned his trade while conducting in Paris at the Folies. It's an open question whether Linke's Berlin operetta influenced his French colleagues in the long run.

Presently, the Theater des Westens is guest-hosting the travelling company of *Bubbling Brown Sugar*, winding its way across the continent from London and Paris to Berlin, Vienna and Den Haag. Then, at the end of January, comes an all-German production of Rodgers and Hammerstein's *Oklahoma!* The enthusiasm that has greeted the American musical-comedy is most impressive, and it's growing in such a manner as to spill over to German theatre as a whole.

Another bit of sunshine on the horizon is a new cultural phenomenon known as the International Ballet Centre Berlin, the entrepreneur of which is one Michael Tietz, a solo dancer at the Deutsche Oper Berlin with sugar-plums dancing in his head.

Tietz organised a *Gala-Ballet-Evening* just before the holidays with some of the brighter names in the field engaged for two evenings at the city's Congress Centre, stars like Reda Sheta, Peter Breuer, Joyce Cuoco, Coleen Scott, Christopher Boatwright, Monique Janotti, Yvonne Vendrig and many others. The shows were nearly sell-outs—7,000 ballet fans applauded so mightily that the gala extended into the wee hours. A *Tschaikowsky-Abend* is next.

RONALD HOLLOWAY

Roy Marsden and Polly Hemingway in Airline

Television

Better serial crop from ITV

by CHRIS DUNKLEY

With the start of this new season we may have reached a watershed in British television drama. Last season ITV proved with *Brideshead Revisited* that they could equal and outdo anything the BBC might manage in the way of costume drama even though the art of adapting from respected literature has long been seen as one of the BBC's strongest suits. Certainly BBC adaptations last year such as *Breed Of Blood* and *The History Man* were more impressive than their original drama serials which included such notable horrors as *The Borgias* and *Triangle* and only one triumph in *Private Schulz*.

Now, three weeks into the new season, it looks very much as though ITV is proving that in addition to matching BBC standards in high quality adaptations it can leave big sister standing where original serials are concerned. You could argue that the reason is that apart from *Ennal's Point* the BBC simply isn't doing any original serial drama.

Gulliver In Lilliput, *Fame Is The Spur*, *King's Royal* and *The Bell* are all adapted from books. Moreover the settings are historical in every case, the first being 18th century, the next two Victorian, and even the Iris Murdoch dramatisation looking quaint what with vast roll-ons and little Messerschmitt cars not to mention the mandatory steam-train sequences.

Memory suggests that over the years ITV has been as bad as the BBC at producing serious original serial drama with contemporary themes and settings. Discounting soap operas (and it looks as though that means discounting *Ennal's Point* where gossip about adultery looms larger than the lifeboat station) what comes to mind? *Moyburry* from BBC2 last year, beyond that Telford's *Change*, and then much further back *The Glittering Prizes* and such sixties series as *Z-Cars*, *The Plane Makers* and *The Power Game*.

These last two were created by Wilfred Greatorex, the very man who is responsible for *Airline*, the Yorkshire Television series which, with *Muck And Brass* from Central (ATV as was), leads ITV's drama series line-up for the new season. The others comprise a fresh batch of Thames's *Minder* and, in my view, *Shine On Harvey Moon*. I say in my view because although promoted as a half-hour comedy series it looks much more like serial drama than sitcom. That makes four original series from ITV against three adaptations on BBC1, and one adaptation and one soap opera on BBC2.

The most fashionable period for drama at present is clearly the 15 years following World War Two, the period into which not only *Airline*, *Shine On Harvey Moon* and *The Bell* all fall, but also Tim Preece's single play on BBC2 *The Combination* which was far and away the best hit of television drama so far this year. In a poor play the characters will make statements about life in the same way that a poor novelist will rely on assertion. In a good play the characters may talk about their breakfast or the weather but their actions and relationships, and very tone of voice will embody what the playwright wants to say.

All that Preece wanted to convey about the general was contained in the particular: the state of the country, the condition of men exposed too long to war, the effects of a divided education system, the benefits and horrors that came from do-gooders, the joys of the countryside and the suffocation of provincialism. All this was communicated implicitly yet none-the-less vividly in the seemingly insubstantial story of two 10-year-old boys from Church Stretton spending the summer holiday between primary and secondary school in playing, arguing, fighting, eating beans out of a purloined tin, and attempting to reach London by bicycle to visit the Festival of Britain. Thanks to Preece and director Peter Hammond it was a masterly exploitation of television of a sort that you see, if lucky, once or twice a year.

By comparison all the drama serials, not even excepting *The Bell*, are doggedly literal. Of course that may not be at all a bad thing, since it is really another way of saying that they rely for much of their appeal on powerful narrative. (Ironically the work in which narrative drive *is* of least importance, *Gulliver*, also happens to be the BBC's best.) One of the main reasons why ITV at present has the edge over the BBC is that anyone who reads widely already knows what is going to happen in all the BBC works whereas *Airline*, *Harvey Moon*, *Muck And Brass* and even *Minder* all hold out the enticement of going back to discover what happens next.

Considered in terms of that wide sea of popular fiction which, as I was saying here last week, television's detractors like to pretend does not exist since they wish us to believe that print starts and stops with Tolstoy, *Airline* is one of those Gavin Lyall sky-pirate yarns, even down to the identity of the heroine—a battered but beautiful Dakota. It still has all the Greatorex hallmarks though, preoccupations with the often illogical distinction between the immoral and the illegal, the effects of business upon private life, and the more gratingly realistic details of commerce.

Muck And Brass by Tom Clarke which dramatises the intrigue and corruption behind the redevelopment of Slatterley city centre is a bit like a story from John Braine in a black mood combined with Arthur Hailey's obsessive detail. I cannot say I fully understood last night's bafflingly complicated shenanigans over the football ground yet I am sure Clarke never cheated on the plot. In a large and consistently good cast there is nobody to sympathise with: yet the first two episodes have been utterly engrossing, thanks to Clarke and to superb technical work particularly in the editing. This may well turn out to be the season's best serial drama.

Shine On Harvey Moon which, like *Airline*, follows the fortunes of an NCO just demobbed from the RAF, has a bitter-sweet flavour not unlike that in Leslie Thomas's books and a similar sense of the comedy of everyday life. What is not yet clear is whether, like far too many situation comedies, the episodes will merely meander around the characters in an arbitrary way or whether Marks and Gran have developed a proper continuing plot.

Gulliver is making excellent use of chromakey, glass matte (I think) and other techniques to achieve the necessary disparities between Lemuel and the Lilliputians, but more impressive than that it is retaining in Barry Letts's dramatisation a remarkably high proportion of the satire.

King's Royal is the everyday story of a generally nasty Victorian family involved in commerce—a sort of landlubber's *Onedin Line* with steam trains and landaus instead of ships carrying all the conviction which is missing from the characters who might have stepped straight out of Boots' Subscription Library.

* * *

If Kenneth Griffith does go to the U.S., as he says he might, it will mean an irreplaceable loss to British television. His BBC2 programme on Saturday with its typically provocative title, *The Most Valuable Englishman Ever* was a splendid example of his extraordinary talents. To describe it as a dramatised biography of Tom Paine would be like describing The Messiah as a religious song.

As with Griffith's programmes on Napoleon and the Boer War this one fizzed like a Catherine wheel, lobbing out evidence of a bewildering combination of characteristics: acting talent, bile, passion, compassion, fury, love of liberty and place and people, contempt for small minds, pity amounting to tearfulness for the weaknesses of mankind, awe at the greatness of mankind, conceit, single mindedness, and not least mischief. Above all his delivery has the rabble-rousing hwyl of a revivalist Welsh preacher.

Old Red Lion, N1

Three Women

by ROSALIND CARNE

Childbirth may bring joy. It may bring a terrible sense of loss. Or it may, in the words of Sylvia Plath, "create corpses." Her searing dramatic poem explores each of these possibilities through the minds of three women, before during and after their stay in a maternity ward. Sylvia Plath herself had two children, and she also miscarried soon after her marriage to poet Ted Hughes. So in spite of the form, and the quite distinct characterisation, it is clear that, more than in most dramas, we are listening to the several voices of the author.

The play was written to be read aloud and was first heard on BBC Radio in 1962. There have been several readings since then, including a recent production by the Royal Shakespeare Company. Now director John Abulafia has made a rare experiment with active staging, with some interesting results.

He uses three blocks against a folded green screen, unexceptional costumes, white hospital gowns and an oblong sheet spread across the centre floor. Gestures are carefully latched to the verbal mould and movements are largely limited to the change of mood between the speeches. The text expresses no direct interaction between the patients, but there are nice directorial touches here, as when the student who has sent her child for adoption casts a final longing glance towards the happy mother of a healthy boy.

Crucial moments stand out, like the latter's agonised labour, knees splayed, hands clenched around the chilly fabric, as she rocks her tortured body. Indeed, Daryl Webster moves better than she speaks and I was sadly disappointed by her failure to communicate the tough kernel of emotion which the part demands.

Only Kate Versey, as the secretary who endures three miscarriages, is unfailingly convincing throughout. Her words pierce to the heart, lingering with chill reverberations at the end of each monologue. She soars from colloquial ironies to a frenzy of bitterness, gliding imperceptibly into that love affair with death which so tragically destroyed the author. Her part is closer to the Sylvia Plath we remember most easily, angry, mocking, and desperately self-destructive.

Susan Penhaligon plays the third character, the youngest woman who offers her baby girl for adoption. She is outstripped by the requirements of the verse, though a sense of her potential glimmers through as she bewails her immaturity. "I wasn't ready/I had no reverence," she says. Too true, and a vicious circle for all but the most exceptional young performer.

Festival Hall

Strauss

by ANDREW CLEMENTS

Never willing to do things by half measures, the Young Musicians' Symphony Orchestra came up with a programme of Richard Strauss on Monday evening that could have been designed to sift the real Straussians from the fellow travellers. Everything that is bad about the composer was demonstrated in the *Festival Prelude* and the *Alpine Symphony*, while the *Four Last Songs* were allowed to work their familiar confidence trick on a willing audience—are we listening to beautiful songs, or to a beautiful voice artfully exploited?

Yet the interest in this performance of the *Songs* lay in the soloist, Josephine Barstow. A singer who so successfully encompasses both Salome and Arabella on stage ought to fit nicely into this work, but so much of Miss Barstow's impact lies in her dramatic presence that one wondered in prospect how the voice alone would sustain this celebration of sumptuous tone.

The slightly acidulated sound of some passages in the event was a refreshing change: otherwise she moved elegantly around the melodies, applying gentle and intelligent stresses here and there and never attempting over-saturated, indulgent phrasing. The orchestral accompaniment, an aberrant violin solo in "September." apart was deft and sympathetic.

In the more fantastical part of the programme also, James Blair guided his players with enormous enthusiasm. The *Festival Prelude* is almost a lovable rarity, with its grandiose organ introduction and 16 trumpets, and a big C major tune that bears more than a passing resemblance to Brahms' first symphony. But the *Alpine Symphony* remained still beyond the pale as far as this steadfast non-believer was concerned.

The justification for writing a piece of music about climbing mountains seems even less than the irrational obsession with climbing itself: what can such music mean, unless, like Mahler's third symphony, it attempts to transcend its pantheistic beginnings and reach towards some more generalised statement? Such a concert, invaluable in its way, shows the importance of Strauss to 20th-century music in demonstrating conclusively the path that composers could not in the future take.

Indian art for V & A

The Victoria and Albert Museum is mounting in the spring an exhibition to rival *Great Japan* at the Royal Academy. It is *The Indian Heritage* and concentrates on the courts of the Mughal Emperors of the 16th century and later. Over 300 objects will be on display, borrowed from many collections, and including paintings, jewels, textiles, and weapons. A related exhibition in the Library concentrates on British artists on Indian life between 1760 and 1860. At the branch of the V & A at the Bethnal Green Museum there will be a display of Indian playing cards. The exhibition runs from April 21 to August 15, 1982.

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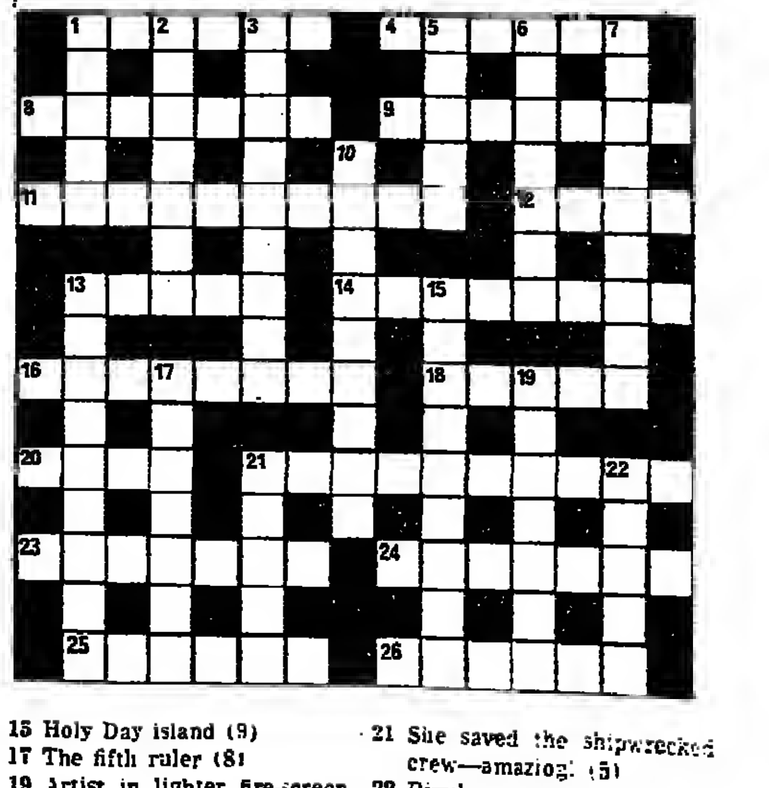

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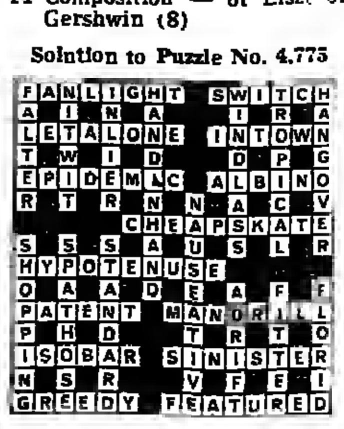

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A present from the miners

THE NEWS that the miners are no longer threatening to go on strike must come as a great pleasure to the British Government and a considerable relief to the country.

True, the news has still not been officially confirmed, but Mr Arthur Scargill, the miners' leader-elect, has been hinting at it for several days and went close to confirming it yesterday. Union members were asked to vote against the present pay offer of 9.3 per cent and in favour of strike action if a substantially higher offer was not forthcoming. The constitution requires a 55 per cent majority. The chief interest now, on the basis of what is known of the results, is how far the majority has fallen short.

Proposition

Mr Scargill has blamed the outcome on an article written by Mr Joe Gormley, the outgoing president, in the Daily Express last week which advised the miners to think very carefully before casting their votes and said that he personally was in favour of accepting the present offer because he did not believe that the National Coal Board had any more cash. Yet it seems unlikely that one article could have done much to sway the vote. Other factors must have been at work.

One was the way the ballot proposition was phrased. If it had simply rejected the offer and threatened undefined industrial action, it might well have been carried. It was the threat of a strike which made people more cautious. The wording came from the moderates who at present control the executive by 13 to 12. They calculated rightly that the left could be hoist with its own petard by asking for a strike mandate.

It is also the case that the miners recently have been doing pretty well. Mr Gormley wrote in his article that no union in Britain has done better since Mrs Thatcher entered No 10 Downing Street and the miners know it. Even the 9.3 per cent offer is high in comparison with what the Government would like to see in the rest of the public sector and certainly with many settlements in the private sector.

Yet it is still worth contrasting the 70 per cent by which Mr Scargill was recently elected President with the rejection of the threat of strike action. At first sight, it seems that there is a contradiction here—the miners turning against their militant leader. It is more likely, however, that the miners know exactly what they are doing. It is, after all, a very democratic union where decisions are taken only after a great deal of of discussion. The real lesson, therefore, is that the majority of the miners do want militant leadership, but that they do not yet want militant action.

It may be different next time. Mr Scargill is unlikely again to be landed with an unnecessarily extreme motion for the ballot, and in any case the balance of power in the executive is expected to change slightly in his favour.

Realism

Yet for the Government time is a most valuable commodity. The contrast that matters here is how different the prospects for the next few months would have looked if there had been a miners' strike on the horizon. Memories of 1973-74 when the miners effectively brought down the Conservative Government of Mr Edward Heath were already being invoked.

Now the prospects are not exactly clear, but they are a good deal better than they were. The aim of keeping down public wage settlements in general should become more realisable. There is time for the economy to recover somewhat before the next miners' claim comes round. And the Government is entitled to point to the result of the pithead ballots as another example of growing economic realism in the country.

Sudan's president takes a stand

PRESIDENT Jafaar Numairi of Sudan has led something of a charmed existence. He has survived three serious coup attempts and numerous plots since taking power in 1969.

Now a combination of factors, not least the desperate economic and financial condition of Sudan, has inevitably raised a grave question mark over a regime which for the past decade has provided essentially moderate, pro-Western government in what is Africa's largest state.

Libya's threat to Sudan, grossly exaggerated by Mr Numairi in the hope of eliciting more military aid from the U.S., and amounting to little more than border harassment, has now receded. A far more disturbing development has been the resurgence of political discontent in the oil rich southern region of the country and secessionist feelings there.

Anger and suspicion have been engendered by Mr Numairi's dissolution of the Southern Region Assembly and his plan to split the region into three provinces. This is part of a move to decentralise government, but one suspected motive has been a desire to curb the influence of the predominant Dinka tribe.

Sudan's chronic ills are, however, the main source of discontent endangering stability. A big rise in sugar prices, which provoked student riots, was one part of the programme of austerity introduced by the last government on the recommendation of the International Monetary Fund. Implementation of tough reforms are the condition for a loan of 198m SDRs ($227m), yet to be approved, which would probably be in the form of a standby facility. The recently agreed rescheduling of some $600m of commercial banks debts under the recently signed agreement was also contingent on reforms.

The rescheduling of all Sudan's foreign debt, currently amounting to some $3bn, and the prospective IMF loan should cover Sudan's financial and payments needs in 1932. But the IMF's prescription will be a painful one for a country classed as the 17th poorest in the world. The gloomy prospect is that the Sudanese consumer will have to be squeezed still more as part of a longer-term recovery programme.

Sudan bears more responsibility than most developing countries for its own plight. Beginning with heavy-handed nationalisations a decade ago, the Sudanese Government has compounded basic economic problems through mismanagement, slow or ineffective decision-making and lack of planning.

Deplorably little of Sudan's agricultural potential has been fulfilled. Production of cotton, traditionally the main export, has fallen by 60 per cent over five years and last year earned less foreign exchange than ground nuts. Despite the massive investment in the Kenana sugar project, self-sufficiency in sugar may not be achieved this decade.

President Numairi has now asked his country to accept a dose of increasing austerity, or to accept his resignation. It is a belated gesture, but a brave one, and it must be rewarded with continued Western support.

De Lorean gamble

THE DE LOREAN car project in Belfast, started under the Labour Government in 1978, is a high-risk venture backed by a disproportionate amount of taxpayers' money. To some people's surprise, the company is now making and selling cars and employing 2,600 people. But its finances are fragile. The long-term viability of the project remains in doubt.

Given the need for jobs in Northern Ireland, the Government had no alternative but to extend the loan guarantees to the company. In announcing this decision yesterday, the Government said it would "review its overall relationship with the company." After the events of the past few months tighter monitoring arrangements are certainly needed.

At this stage there can be no question of pulling out. But the Government has to decide, after investigation, whether the finances of the business can be put on a sound footing, whether there is a market for its present and projected models and whether De Lorean can become a self-supporting business within a reasonable time span. Unless these conditions are met, further financial backing would be a disservice not only to the taxpayer but also to the company's employees; there is no security in jobs which depend on permanent government support.

CUTTING UNEMPLOYMENT

The costs of early retirement and the growing conflicts

By John Lloyd, Labour Correspondent

TWO MOVEMENTS, at opposing ends of the age spectrum, are gathering pace in Europe. The first, thrown into sharp relief in Britain last summer, is a rebellion of the young which is assumed to have been in part a protest against the inexorable rise in youth unemployment.

The second has gone all but unnoticed, though it has spawned a catchphrase. "Grey power," the protest movement of the elderly, has been directed not only at attempts to secure higher pensions but also at resistence to attempts to force older workers to retire early. There are also those who argue for an extension of the retirement age.

The elderly are not united on this: many workers, it appears, would prefer to retire early. Yet the movement, for the moment, seems to be responding to upward pressure: in Italy, for example, the pension age is being raised to 65 from the present relatively low figures of 60 for men and 55 for women: while in the UK the Government and the Equal Opportunities Commission have suggested raising women's pension age to 63 or 64, while men's pension age drop by only one or two years, to equalise retirement ages.

These two movements, of youth and age, are wholly incompatible at a time of falling employment. They highlight the problems facing Governments across Europe who are seeking, often desperately, for ways either to increase the supply of work or decrease the supply of labour.

As unemployment continues to rise, many governments are tempted to see early retirement as a way of creating new jobs. But there is a catch. Retiring workers early is expensive. It places an extra strain on pension schemes. And it also imposes a human cost for those workers who do not want—or cannot afford—to retire early.

Two movements which are incompatible

Early retirement—reducing the pension age—is among the most popular of the solutions now canvassed, since at first sight it seems both to open the way for younger workers and to bring benefits for the elderly. Yet on closer examination, the alternative has all kinds of costs beyond the awkward fact that many older workers want, or need, to carry on working.

—AMONG THE PROBLEMS —

- early retirement will be expensive—Governments will have to pay increasingly large sums to open up a smaller and smaller number of jobs;
- it will place a large burden on occupational pension schemes which are already suffering from enough problems;
- it also imposes a human cost: workers feel unwanted, their skills are lost. And, inevitably, more of them get poorer earlier.

Youth unemployment is likely to get much worse in all European countries before it gets any better. Not only are the number of vacancies for school leavers and young apprentices continuing to fall—especially rapidly in the UK—but the birth "bulges" of the 1960s are now coming on to the job markets of Europe.

They will continue to do so until the second half of this decade, when the 16-24 age group begins to fall from a mid-1980s peak. But the total labour force will continue to grow, though more slowly than before, until well into next century.

Britain has had five years of experience of a job-creating early retirement scheme, in the Job Release Scheme. Introduced in January 1977 by the last Labour Government, it was designed, as the Department of Employment recently made clear in evidence to the Commons select committee on social services, "primarily and essentially as an employment measure rather than a move towards early retirement."

In essence, the scheme depends on the replacement of the older worker who is retiring by a younger worker: those retiring now receive between £40 and £50 a week; the scheme began for 64-year-old men and 59-year-old women, but has been extended to 63-year-old men and, from next month, to 62-year-old men; there are now some 50,000 people in the scheme, a figure which is expected to grow to 120,000 by next March.

Its effectiveness is difficult to measure. Since it was introduced the unemployment figures have risen sharply and thus any calculation is only of the possible mitigating effects of the scheme. The Department of Employment reckons that between 75 and 80 per cent of those returning early are replaced from the unemployment register—the remainder coming from some other form of occupation or previously unregistered. There has been some resistance to the release scheme from employers: DoE surveys show that 16 per cent of workers who wanted to participate in the scheme were put off by their employers.

The Job Release Scheme's net cost is similarly vague. According to DoE officials giving evidence to the select committee, the gross cost for the present financial year is £167m, rising to more than £400m by 1984 in cash terms: the net cost, they said (taking into account the reductions in social security payments) would be expected to be around half the gross. So it appears that there is likely to be a reduction of less than 100,000 in the unemployment totals at a net cost of around £200m a year.

Based on the experience of the release scheme, and on other projections, the DoE has constructed a series of estimates of the net cost to central government of an *overall* reduction in the retirement age. The Department estimates that a lowering of the age to 64 would cost £400m net; to 63, £800m; to 62, £1.2bn, to 61, £1.9bn, and to 60, £2.5bn.

The central assumption here is that two-thirds of the jobs vacated by early retirement would be filled by workers now on the unemployed register. However, even if there were full job replacement from the register, the costs would not fail very much—to £300m with a retirement age of 64 ranging up to £1.9bn at 60. The cost of early retirement, on any reckoning, is high.

The squeeze, however, would not only be on the state. Occupational schemes in Britain are already suffering from the effects of the recession: payments from schemes have accelerated over the past five years, in part because companies have been encouraging more workers to retire early. But this is not the only pressure on occupational schemes: as Mr John Moxon of stockbrokers Capel Cure Myers points out in a recent study, pension contributions rose by only 10.1 per cent in 1980, marking "an important reversal of a trend" which has seen pension funds grow much more strongly for a decade.

In previous recessions, Mr Moxon says, pensions funds were compensated for the drop in membership because a growing number of funds contracted out of the state scheme, and by improvements in pension arrangements.

"By contrast, we have now reached a mature stage with virtually no additional schemes contracting out, and there has been a temporary halt, because of the economic climate, to further improvements in pension provisions. This has meant that the pension movement has had to bear the full burden of the cuts in membership implied by the reduction in employment without any compensating flows elsewhere."

A further burden of statutory early retirement, then, would clearly bring the occupational schemes to near crisis point. The Occupational Pensions Board, in a note to the select committee, notes that the lowering of the male pension age to 60 would be "expensive," requiring an extra contribution of 2 per cent of salary from new scheme members, and 2½ per cent of salary for existing members, because of the latter's need to pay for past as well as future service.

Accurate measurement of the human cost of a radical cut in retirement age—usually defined as five years, for men at least—depends upon anecdote and "common sense." The TUC's evidence to the select committee posed the rhetorical question "whether it is right compulsorily to unemploy one section of the community in order to provide job opportunities for another"; it then moved from the moral to the practical by suggesting that the removal of older skilled workers would be unwise at a time of continuing skill shortage; it referred to a DoE survey which showed that the sharp decrease of activity rates by older workers in recent years was largely due to high unemployment, and concluded that "older workers are being forced out of the labour market by redundancy."

It can readily be imagined that there is a still higher human cost: the retirement of men and women in late middle age on pensions which allow them only to live in poverty. The TUC points out that "elderly people are the largest single group in poverty in Britain; more than half of all supplementary benefit claimants are pensioners . . . elderly people suffer the worst health problems and live in the least adequate housing."

An option which could be expensive

Thus, while the TUC supports the phased reduction of male retirement to 60, it does so only if pensions are adequate to secure an income above the poverty line. The Government, which sets out in its select committee evidence, a pension scale reducing actuarially at 8 per cent a year (thus paying a married rate at 60 of £28.55), comments that "in the longer term there could be significant extra costs if the reduced pensions were merely to increase the number of retirement pensioners within the scope of the supplementary benefit scheme."

It is clear, in sum, that the early retirement option could be expensive and is certainly not cost-free. Indeed it appears that any widespread early retirement scheme would actually mean only marginal gains.

PENSIONS IN EUROPE

RETIREMENT PROVISIONS IN SOME EEC COUNTRIES

	Normal pension age (M)	Normal pension age (F)	Retirement test or earnings rule at normal pension age	Actuarially reduced pension	Early pension for long-term unemployed
Belgium	65	60	Yes	5% p.a. for up to 5 years	From 60, unemployment benefit plus difference between UB and previous wage.
France	65	65	None	5% p.a. earnings for 5 years subject to maximum of 50% pension loss	From 60 (or earlier) special benefit for redundant workers. Also available to volunteers.
W. Germany	65	65	None	None	Full pension at 60 with 15 years continuous service and unemployed for 1 year in 18 months.
Italy	60	55	Yes	None	5 years early for workers dismissed from certain industries.
Netherlands	65	65	None	None	None
UK	65	60	Yes until 70(m) 65(f)	None	From 60, higher rate of supplementary benefit.

Source: House of Commons Social Services Committee

BRITAIN'S POPULATION: PROJECTIONS 1979-2019

(*in thousands—% in brackets*)

Age group	1979	1989	1999	2009	2019
(a) Children (0-15)	12,545 (23.1)	11,716 (21.2)	13,258 (23.4)	12,312 (21.6)	12,510 (21.5)
(b) Working ages (16-64 for men, 16-59 for women)	32,407 (59.6)	33,751 (61.1)	33,878 (59.9)	35,047 (61.5)	35,167 (60.4)
(c) Over pension age (65 for men, 60 for women)	9,456 (17.4)	9,799 (17.7)	9,432 (16.7)	9,671 (17.0)	10,511 (18.1)
All ages	54,408 (100.0)	55,266 (100.0)	56,568 (100.0)	57,030 (100.0)	58,188 (100.0)
The ratio of working age over pension age	3.43	3.44	3.59	3.62	3.35

Source: OPCS, Series PP2 No 11

Men & Matters

By yon bonny Clydesdale Bank

Alick Macmillan may be stepping down as chief executive of Glasgow's Clydesdale Bank, but he doesn't seem in any mood to put his feet up. Although there are no immediate plans for him to succeed Sir Robert Fairbairn as chairman, Macmillan will stay on the Board when he retires in June.

Richard Cole-Hamilton, now being promoted from general manager to deputy chief general manager, will by then have had five months to learn the ropes at the top.

The chances are that there will be plenty to keep Macmillan busy at the Clydesdale—though there is the possibility of one or two outside directorships as well. He has in recent years "personally spearheaded the bank's assault on the oil community in Houston," in the bank's own words, as well as beavering away to push up the market share at home in Scotland.

The Clydesdale has been owned by the Midland Bank for 60 years—a long time in which to keep customers convinced that it remains Scottish at heart. That issue was thrown into particular relief by the debate over the possible sale of the Royal Bank of Scotland to non-Scottish owners, a prospect since blocked by the Government.

Indeed, one witness giving evidence to the Monopolies Commission inquiry into the RBS bids went so far as to describe the Sassenach-held Clydesdale as "a neutered cat," a description which caused mirth in most Scottish banking halls save the Clydesdale's own. "We don't feel neutered," senior executives assured me yesterday, "we are Scots talking to Scots, and long may it remain so."

Pasta master

Enzo Apicella, the man who gave England's Italian restaurants the cool atmospheric flavour of Mediterranean villas, is now offering his pasta-loving patrons a new deal.

Last year Apicella bought out his former partner's interest in the Meridiana restaurant in London's Fulham Road. Largely to repay his bank loans on that deal, he is inviting up to 1,100 customers to join him in the business.

Meridiana Holdings, which owns the restaurant, is offering individual shares of £500 in the venture. Apart from the usual voting and dividend rights, the shares will also entitle the holder to six meals a year at a 50 per cent discount—worth some £60.

Though the restaurant's profits have declined during the past two years, Apicella still caters for some 50,000 customers a year. He has plans to develop the restaurant's basement as a club for shareholders and guests.

He first entered the restaurant business by designing La Trattoria Terrazza in Soho for Mario and Franco and has since designed another 34 restaurants in London and the provinces as well as founding the Arctuso (now Wedgies) in Chelsea.

Apicella, who opened the Meridiana in 1969, began life as a journalist in his native Naples. He came to London for a short visit in 1955, sold a poster design to Schweppes, and stayed on to make his mark, too, as a graphic artist and cartoonist.

His impish sense of humour still lightly sauces the spaghetti. While Apicella talked to reporters at one end of the table yesterday, a lifelike wax model buried its twin drooping-moustached face in a newspaper at the other end.

"Could you get me our merchant bankers . . . and a Coke!"

Watered stock

Showing some traditional Northern grit, staff at MFI's York store managed to open for business as usual earlier this month even when flood waters had all but brought the city to a halt.

And how did the good burghers of York respond to this noble gesture? Reservedly, I am afraid. The day's takings from the 24,000-square-foot store amounted to £8.95, courtesy of the purchaser of a nest of tables.

Grade tradition

As Robert Holmes à Court, Lord Grade's new boss, was admitting that he himself had not seen ACC's disaster movie "Raise the Titanic"—though his children had—Lord Lew was at the Law Courts in the Strand fighting off an injunction from his former right-hand-man Jack Gill.

Grade set a new legal precedent by dancing a quick Charleston outside court number 17, before proclaiming that "work is the best medicine . . . it is a wonderful pill . . . work is my excitement." Anything else? Oh, yes—"I shall not retire until the year 2001."

Holmes à Court, 30 years younger than Grade, confessed yesterday that he hoped to retire rather earlier than that.

Rustle of springs

Not for the first time Ford Motor is recalling thousands of its cars in the United States. "But it's not your typical recall," a company man loftily assures me. "It has nothing to do with their safety or handling."

Ford wants to fix the front suspension of about 10,000 of this year's Lincoln Continentals—at $12,000 apiece, Ford's answer to the Cadillac—because a couple of rubber insulators "make an annoying noise."

What kind of noise? "It's kinda hard to explain, but I suppose you would call it a grunt."

Brief encounter

What the legal profession may get up to on its package holidays to Bangkok is really none of my business—but it does seem to have caused some irritation at the Siam Lodges Hotels group.

Guests at the Thai hotels are issued with a pamphlet of local lore, entitled "Suggestions for your Safety." Most of the suggestions are pretty routine stuff—keep the door locked, hand in your keys when leaving, don't carry too much cash and so forth.

Rule 11 might, however, raise an eyebrow in El Vino's. "Please do not," it warns, "associate with solicitors around the hotel."

Or anywhere else, they might have added, unless you enjoy the sensation of being separated from large quantities of money in the politest possible way.

Observer

Northern Ireland power-sharing

Prior learns poker the Ulster way

By Margaret van Hattem, Political Staff

IF MOST politicians are by nature either chess or poker players, Mr James Prior, Northern Ireland Secretary, is probably a chess man. He inclines more to the careful strategy, anticipating his opponents' moves and adjusting his game accordingly, than to bluff and showdown. But he is now being forced to join a poker game that has been running for many years.

Mr Prior is about to put his cards on the table. Soon, possibly early next month, he is expected to unveil his solution to the problem which has defeated so many of his predecessors — getting Northern Ireland's Catholic minority and Protestant majority to work together in a devolved government.

In essence, his plan is to set up an elected assembly with an independent, appointed executive, and gradually to transfer power to them from Westminster.

But the conditions for success look less promising than ever. After so many failed attempts, the province's bigger political parties have grown weak and discredited, leaving the electorate volatile and unpredictable.

Mr Prior's proposals will almost certainly be criticised, possibly rejected outright, by all the province's leading politicians. Such is the suspicion in Northern Ireland that approval from one would force all the others to hold out for more concessions.

The Secretary of State will have to judge how far he can push the individual politicians and how far they mean what they say. More important, he needs to know how far he can push their supporters. The composition of the proposed assembly will be heavily determined by this second judgment. If the proposals go too far towards accommodating the Catholics, he is likely to end up with an assembly firmly in the hands of the Rev Ian Paisley.

If they do not go far enough, he risks undermining support for the Social Democratic and Labour Party, still the main voice of Catholic opinion, and handing over seats to Provisional Sinn Fein. Either of these results could block any further progress towards a credible devolution of power for a long time beyond the term of the present Government.

The Government's determination to go ahead now seems to be based less on a feeling that the time is ripe and the province ready than on a conviction that things cannot go on as they are any longer. The Northern Ireland economy is deteriorating so rapidly that ministers feel the present political arrangements can no longer serve even to maintain the *status quo*.

Just how big a change it will be is not yet clear. Mr Prior wants a system sufficiently flexible to bend before the almost inevitable battering from Catholics and Protestants alike—the boycotts, strikes and walk-outs that have sabotaged all previous attempts—and to remain upright at the end. The elected assembly and appointed executive that he is expected to propose have been designed with this in mind.

The assembly will be the easier of the two to establish, since none of the main political parties believes it can afford to stay out of any elections in the province. So elections are likely, probably in late summer or autumn, for an assembly of about 80 seats. Initially, it would discuss legislation and non-legislative measures, and set up committees which could summon civil servants and invite Ministers to be grilled on a wide range of policy areas.

The enabling legislation would include provision for real power to be devolved later on. How much power will be one of the most difficult decisions facing Mr Prior in the next few weeks.

The enabling legislation would probably have to spell out whether the assembly would act by simple or weighted majority, and if weighted, by what percentage. While the Government sympathises with the Catholic minority, who claim that a weighting of less than 80 per cent may confine them to perpetual impotence, it is determined that no single party should have the right of veto. *So any proposed weighting is likely to fall well short of Catholic demands.*

Once the assembly was in place, so the current thinking goes, Mr Prior could proceed to appoint an executive to take over the role of the present team of junior ministers. Mr Prior, as chief executive, would retain ultimate control as well as specific responsibility for key areas such as finance, security and foreign affairs. The other members would probably be appointed from the main parties represented in the assembly and, at least to begin with, a number of Westminster MPs such as some of the present junior ministers. Since the Government's aim is to provide real jobs rather than symbolic ones, the size of the executive might be closer to the present team of six ministers than the old 14-member executive set up in the Sunningdale agreement.

By leaving the door open to Westminster MPs or even non-elected members of one or other community in Northern Ireland, this plan would undermine the scope for Ulster politicians—such as the Unionists who still reject totally the idea of power-sharing at ministerial level—to wreck the executive by refusing to participate.

One of the most difficult problems yet to be resolved concerns the possible transfer of the post of chief executive from the Secretary of State to a Northern Ireland politician, perhaps the leader of the majority party in the assembly. This immediately raises the question of guarantee that minority parties would continue to be represented in the executive. For the majority cannot be forced to share power with the minority, however much the Government may wish it were otherwise.

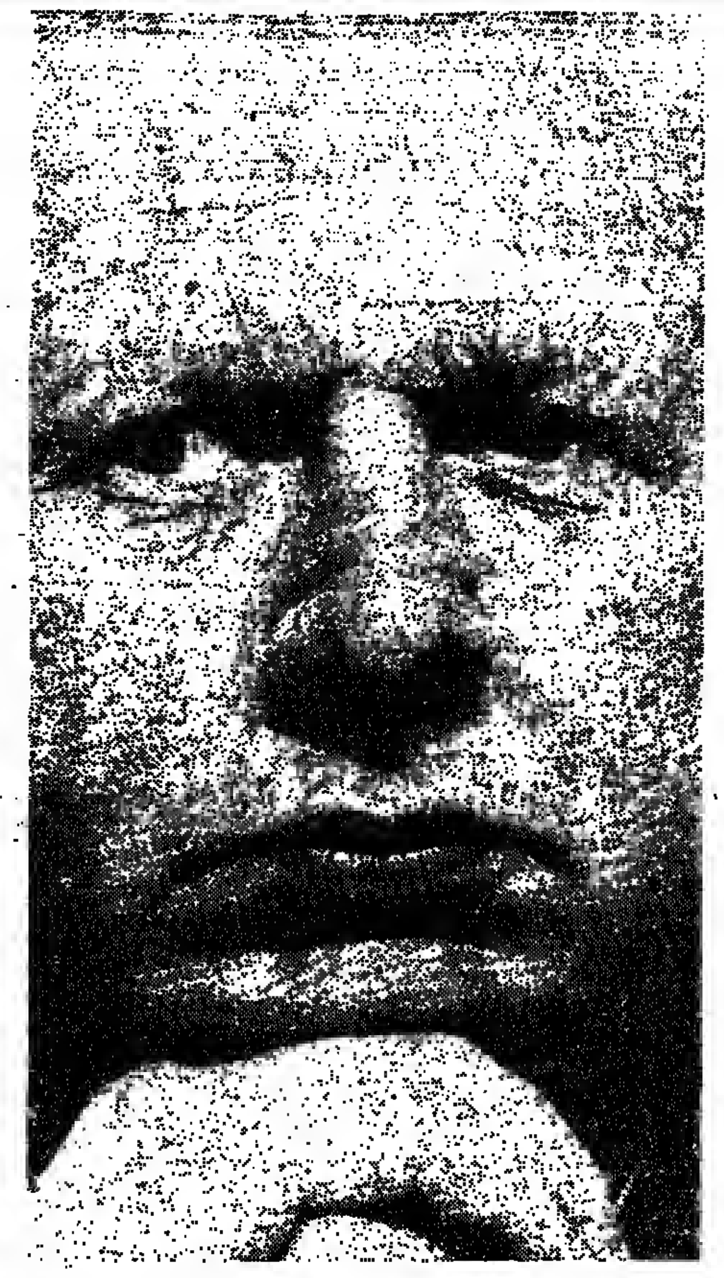
In dealing with the Unionist side, the Government must take into account both the Official Unionist Party (OUP), the oldest and still marginally the biggest of the five Unionist parties, and Mr Paisley's Democratic Unionist Party (DUP), which at the 1981 local government elections won more votes, though fewer seats, than the OUP.

The two parties differ more in style and tactics than in substance, the DUP being the more militant. Both currently reject any sort of power-sharing at executive level and are pressing for majority rule with a role for the minority in parliamentary committees.

So far, the Government has ignored the DUP and consulted the OUP in discussion on devolution. But the OUP, in the throes of a leadership struggle and an organisational collapse, is proving too weak to negotiate. Sooner or later, Mr Paisley will have to be brought into the process.

On the Catholic side, the Government is also dealing with a weakened party. The SDLP, led by Mr John Hume, which has always been regarded as a rather middle-class party with a tenuous hold on the working-class ghettoes at the best of times, saw much of its support slip away at the time of the H-block hunger strikes. While its stated preference is for either power-sharing or majority rule for the Unionists within a federal Ireland, it is likely to be encouraged by the present Dublin Government to go along with Mr Prior's plans.

After 13 years of violence, political stalemate and failed initiatives in Northern Ireland, Mr Prior's efforts are likely to meet with a fair amount of scepticism. But this time around, there appear to be three new elements. First the Anglo-Irish council, which provides a version of the "Irish dimension" essential to the Catholic minority. Secondly, the concept of an "unboycottable" institutional framework to minimise the threat of the type of Unionist wrecking tactics which destroyed the 1973 Sunningdale power-sharing agreement. Finally, the frustration of the Unionist community after a prolonged period of political impotence. Whether these new factors will be sufficient to hold in place whatever Mr Prior proposes is highly uncertain. But somewhere out there on the rapidly-accelerating Belfast-London shuttle is a novice poker player who is learning the game fast.



Corporation Tax

Why there ought to be a cash-flow tax

By Jeremy Edwards and Colin Mayer

CORPORATION TAX has once again become a controversial issue following the publication of a Green Paper this month. The Green Paper reveals a preference for maintaining existing chaotic arrangements and a hostility towards proposed alternatives. Some of its criticisms of these alternatives are well founded: for example, correctly details the deficiencies of a current cost accounting base for tax. But its evaluation of the Meade Committee's proposals for a cash flow tax reveals serious misunderstandings of the committee's recommendations.

A cash flow tax (thereafter CFT) has one overriding advantage—its simplicity. It taxes companies on the difference between their receipts and their payments whether on current or capital items such as investment in plant and machinery and thereby avoids all questions regarding the appropriate definition of profits. These net earnings are used to make distributions to the investors in the firm and the CFT can therefore equally well be regarded as a tax on the net amounts that investors take out of their company. There are two alternative definitions of distributions: the first, described by the Meade Committee as the "R" base, includes payments to all investors, whether holders of debt or shares". The second, the "S" base, excludes debt and restricts the tax to net receipts by shareholders (dividends less new equity issues). There is no obvious case for excluding payments to holders of debt so that we would strongly favour the all inclusive "R" base.

The most compelling reason for adopting a CFT is that it avoids the complexities and distortions of the present system. Our existing corporate tax legislation is a monster that has grown out of ad hoc attempts by governments to encourage certain activities, while at the same time correcting serious problems arising from inflation. The net result is tax legislation strewn with anomalies which encourage companies to invest in buildings in preference to vehicles but not in preference to plant and machinery. It provides no incentive at all to one-third of the corporate sector which will not be liable to tax for the foreseeable future as a result of tax losses carried forward. A cash flow system avoids these distortions by making all forms of physical investment tax deductible and thus leaves the investment decisions of firms to commercial instead of tax considerations.

Secondly, the CFT solves the seemingly insuperable problem of inflation at a stroke. Companies would be taxed on the basis of net current earnings only and no correction would thus be required for profits on capital. In particular, by valuing receipts and expenditures at the date of transactions, a CFT does not involve the revaluation of historic cost investments and accumulated stocks. Furthermore, by taxing cash flows as opposed to future capital earnings, it avoids the liquidity difficulties that have afflicted profits taxes and ensures that the tax burden falls on companies that can afford to pay in the current period.

> ' Our existing corporate tax legislation is a monster that has grown out of ad hoc attempts by governments to encourage certain activities '

The Green Paper raises two fundamental objections to the CFT. First, it estimates that in order for the tax to raise the same revenue as at present, the tax rate on net payments to shareholders (an "S" basis) would have to be set at 200 per cent. The problem with the Green Paper's calculation is that it assumes that the present system raises revenue at the rate of 52 per cent of profits. With tax allowances on capital expenditures, stock relief, etc, this is far from the case. For the years 1976 to 1980 the effective rate of corporation tax (excluding both advanced corporation tax which is clearly a personal income tax on shareholders and company investment income tax) was approximately 11 per cent. To raise the same revenue an "S" base cash flow tax rate would have had to have averaged 69 per cent, approximately one-third of the figure quoted in the Green Paper.

The Green Paper's main objection concerns the integration of a CFT into the existing income tax on persons. It refers to the problems of allowing companies to accumulate investments tax-free while unincorporated traders or individual investors who wished to make similar savings would have had to do so out of income taxed at a marginal rate which might reach 75 per cent. However, under the present system of tax capital allowances apply equally to both companies and unincorporated businesses and there is no suggestion in the CFT proposals that unincorporated firms should be deprived of such allowances.

Similarly, individual investors can make tax-free savings in pension funds, life assurances and housing under the existing personal income tax system. It might be felt that there was no reason to restrict the forms in which individuals could make tax-free savings to these three types of assets. We would certainly agree with this view, as such an extension of the forms of tax-exempt saving for individuals would be a significant step towards a personal expenditure tax, a development that we would warmly welcome.

Overall, the objections that the Green Paper raises to the CFT and its integration into the existing tax structure do not appear very persuasive. In fact we would argue that the present corporation tax already incorporates many of the features of the proposed CFT but in an unnecessarily complex and distortionary form. Far from being a radical departure, a CFT would be a logical simplification of existing arrangements.

Jeremy Edwards and Colin Mayer are Fellows of St John's College, Cambridge, and St Anne's College, Oxford, respectively and Associate Fellows of the Institute for Fiscal Studies.

Letters to the Editor

ASLEF's reasons for disruption on the railways

From the General Secretary, ASLEF

Sir, — The British Railways Board has overstepped the boundary between fact and fiction in its campaign to mislead the public about the background to the current dispute.

Its latest advert, entitled "Broken Promises," clearly implies that the board was unaware of ASLEF's position on the maintenance of the guaranteed eight-hour-day agreement until November.

In fact, I spoke to the board member for personnel by telephone in the presence of others on August 24, shortly after the ACAS understandings were concluded, to inform him of the decision by the ASLEF Executive Committee accepting the two separate understandings on pay and productivity and reiterating the policy, determined by the membership, of maintaining the guaranteed eight-hour day.

The board's subsequent ratification of the ACAS understandings in two separate minutes of the Railway Staff National Council on August 27 is clear proof that the society's policy on the maintenance of the eight-hour day was not considered by the board at that time to invalidate either the agreement on pay, or the general commitment to talk on productivity.

On September 2 ASLEF representatives made their position absolutely clear at a meeting of the Railway Staff Joint Council (Locomotive Section). As the agreed minutes state: "The ASLEF representatives indicated that the principle of retaining the eight-hour guaranteed day was a fundamental one so far as their society was concerned."

It is therefore nonsense to suggest that the board had any doubts about ASLEF's position:

The board's sudden conversion to the idea that the two ACAS understandings were conditional upon one another, and that the understanding on productivity required our acceptance of the board's proposals on variable rostering, dates from late December, and was occasioned by the decision by the National Union of Railwaymen to accept flexible rostering for non-footplate grades — no doubt seen by the board as the ideal opportunity to isolate footplate staff from their working colleagues. Not until December 17 did ASLEF receive any indication that the board would not be prepared to pay the 3 per cent increase due to footplate staff in January.

BR's willingness to reach an agreement on productivity acceptable to all parties must be judged from its refusal to continue negotiations within the terms of the ACAS understandings. The Board's insistence on the abolition of the guaranteed eight hour day is a calculated and unnecessary act of provocation in defiance of both the letter and the spirit of the ACAS understandings. It is this shabby piece of confrontation by the Board that has caused the present rail dispute.

Ray Buckton
9, Arkwright Road, NW3.

Doubling the fares in London

From the Rev C. Stables

Sir,—I do think that a newspaper of your standing ought to realise how very misleading it can be to report things by percentages. I refer specifically to your report (January 9) about London travel fares, saying that they will have to double. So they may, but if so, in many cases they will still be less than fares in September last, though no one would understand that from your headline and article.

Until the recent cuts I paid 50p from Victoria to King's Cross by Tube, and since then only 20p. Double that and I shall still be paying less than last September. How misleading can you be?

(Rev) C. G. Stables.
Framland, Easons Green, Framfield, Uckfield, Sussex.

Lord Grade's departure

From Mr Spike Milligan.

Sir,—Many people from the entertainment world will be depressed at the forced resignation (for forced it was) of Lord Grade.

It was Lew and Leslie Grade's agency which helped hundreds of us during the post war variety years. But for them it would not have existed. They only left it when they realised television was the coming thing.

OK so "Raise the Titanic" lost a lot of money. I ask you what company doesn't? What about British Leyland? At least Sir Lew never went cap in hand begging for money: it was always on a business basis. What other Chairman would you find at his desk at six and seven in the morning? Of course, he gave a large golden handshake, he was a big man, he still is a big man.

Holmes a'Court has got the Company, not because he is interested in show business, but because he is nothing more than a business magnate.

I am appalled at the short memories of the world of finance.

This man could have made it again and again if he was just given breathing space.

Spike Milligan,
9, Orme Court, London, W2.

Shareholders' loss over takeover bids

From Mr F. Moseley.

Sir,—I have had the misfortune over the last four years to own a small number of shares in three companies which have been the subject of takeover bids referred by the Government. The companies were Serck (referred twice, after approaches by AE and then Rockwell: finally an unreferred bid by a third company, BTR, succeeded at around one third of the value of the original AE bid in real terms), Davy International, and now Royal Bank of Scotland.

In each case permission for the bid to go ahead was refused. The reasons were: Serck, somewhat ironically had monopoly problems with both bidders; Davy, the "British" interest; and Royal Bank, the "Scottish" interest.

The Monopolies Commission pronouncements seem extraordinarily spurious, unconvincing and high handed to one who has seen the value of his property reduced in value by anything between one-third and two-thirds as a result. Unfortunately as things stand there is no remedy. Dare I hope that one day the "Surrey" interest will prevail?

F. Moseley.
30 Somerville Road, Cobham, Surrey.

Viking swords stay in Denmark

From Mr Christian Estrup

Sir,—If a Viking in Denmark were to send a nice sword to his uncle in England, no problem. When, however, a few years later, one wants to forward a parcel that by necessity exceeds one metre in length (to be exact 1.28 metres) from the Continent to the UK, it seems to be an insurmountable task. The postal authorities say "Too long," not a chance. The railway people "Yes, we send to all countries." Further challenged, they add "UK, sorry no" with a pitying look that the inquirer has not yet understood that the railmen are landlocked. A forwarding agent will charge anything between £50 and £80 just to bring the 2 kg package into the UK. And the airlines "Fine, but make sure you have it picked up at Heathrow." No consolation that the same length limitations apply when you try to mail packages to Albania, Bulgaria and Italy. Why so difficult?

Christian Estrup.
P.O. Box 218, Horsens, Denmark.

Equal opportunities for Poms and Aussies

From Mr Richard D. Johnson

Sir,—The bid by Australian Robert Holmes a'Court for ACC highlights a little-publicised double standard.

A British company bidding for an Australian company must get the consent of the Australian Foreign Investment Review Board for any holding over 15 per cent. This is an unwieldy process designed to impede any take-over more especially since any objections, however spurious, by the Board of the "victim" are taken into account.

By contrast, Mr a'Court builds up a stake and bids for ACC with impunity. Why doesn't the British Government demand reciprocity either by demanding equal treatment for British companies seeking opportunities in the Australian market or apply similar restriction to Australian predators operating in Britain?

Richard D. Johnson.
24, Schubert Road, SW15.

A tight-rope without a net

From Miss Louise Bloch

Sir,—Barclays Bank consider me eligible for a Barclaycard, as I have just started my first job. It does strike me as quite indefensible that a bank should encourage me, and others like me, to borrow up to £5,000 at the exorbitant rate of 23.8 per cent.

Surely it would be more responsible if banks offered young people a higher rate of interest as an inducement to save.

Is it unreasonable for my generation to expect a modicum of communal responsibility from banks or should we recognise them as usurers, who guide young people on to a tight-rope without a net?

Louise Bloch.
11 Hocroft Avenue, NW2.

£0.7m first half rise at British Land

DESPITE interest charges increasing from £4.88m to £5.63m, pre-tax profits of the British Land Company rose from £1.66m to £2.4m in the half-year to September 30 1981. After tax up from £86,000 to £71,000, attributable profits emerged at £2.33m against £1.6m.

The directors say that with the company's continuing low level of indebtedness and substantial cash resources and facilities, it is well placed to promote its business throughout the world.

They say cash and securities exceed short-term debt, leaving the company comfortably insulated from the vagaries of interest rates. In balance sheet and income terms, the group is in a strong position.

Trading profits for the half-year are not always indicative of the year as a whole, and the trend of improvement should not be taken as a basis for the full year's results, they say.

With the continuing increase in net rental income, it is the board's intention to recommend a doubling of the dividend for the year from 0.25p to 0.5p.

Espley-Tyas better than forecast

FOR THE year ended September 30, 1981, Espley-Tyas Property Group has turned in a pre-tax profit of £2.28m, which compares favourably with the forecast of not less than £1.6m given in last February's prospectus at the time of the placing.

Comparative figures for the previous period, during which the company was dormant, are not given. The board considers they are not meaningful following the formation of the group in its present form some 11 months ago.

The board says that much progress has been made in the year in the formation and development of a group with substantial property and construction activities. With the quality of secured property projects and awarded construction contracts, further progress is expected during the current year.

Turnover for the period to end September was £29.65m. Stated earnings per 25p share were 10.6p and a dividend of 2.31p per share is recommended.

Tax took £203,000 and minorities accounted for £368,000. Extraordinary debits, largely comprising capitalised items, totalled £1.01m and the dividend absorbs £268,000.

MFI's profits jump 43% but second-half caution

DESPITE CONTINUING lack of consumer confidence which has affected turnover of MFI Furniture Group during the six months to November 28 1981, a significant increase in profit margins enabled the group to increase first-half taxable profits from £4.97m to £7.12m—a rise of 43 per cent.

However, Mr Arthur Southon, the chairman, says that caution must be expressed about trading in the second six months. First-half turnover was down from £90.05m to £84.87m and since the end of November, sales—including the first three weeks of the New Year sale—have been below expectations and severely affected by the exceptional weather conditions.

This recent bad weather will affect full year figures, says Mr Southon, who estimates that as a result, the group has lost between £5m-£6m of sales. Also its January sale is being extended by another three weeks.

The chairman attributes the higher profit margins to a reduction in overhead expenditure and a small improvement in trading margins, together with the effect of the closure last year of unprofitable small stores in areas where the group still remains adequately represented.

He adds that the group continues to give priority to the control of expenditure and margins which has produced positive results at the interim stage. The chairman describes the figures as "encouraging."

The interim dividend is being maintained at 1.1p net per 10p share. The final will be looked at in the light of the full year's results but Mr Southon hopes that it will be "at least maintained"—last time the final was 1.52p.

Progress continues to be made in the branch development programme. Seven stores were opened during the half year, including two in Eire. Six stores were relocated to considerably improved positions and three were closed. At the end of the period, the group was trading from 120 locations with a total area of 2.6m square feet.

The average number of stores during the six months fell from 135 to 117, although selling space was increased. The main thrust of the group is still in the south east, although it is also looking at the Manchester area. Four new stores are planned in the current period, two of which are relocations.

Capital spending will be substantially lower, but spending on advertising will remain at around 5 per cent of sales.

First-half profits were struck before more than doubled tax of £1.6m (£725,000) and last time there was an extraordinary credit of £372,000. The retained surplus emerged at £3.64m, compared with £2.75m. Earnings per 10p share advanced from 2.49p to 3.24p.

In current cost terms, pre-tax profits were ahead from £4.72m to £6.78m.

The group has arranged store-in-store facilities with several outside retailers. Harris Carpets has taken space in six outlets and Brentford Nylons is selling through 16 stores. Each company is planning to operate through a further 10 stores within the next two months and MFI is exploring a similar venture with Staffordshire Potteries and a lighting supplier.

Mr Southon, estimates that the store-in-store operators, who have signed short-term contracts, can contribute about £1m to profits in a full year.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
AGB Research ......int	2.3†	March 6	2	—	5.5
Countryside Props	2.45	—	2.1	3.85	3.5
Espley-Tyas Property	2.31	—	—	—	—
Estates Property Inv int	2.75	April 2	2.75	—	7
Everards Brewery	4.5	March 16	4.1	6.8	6.4
Group Investors ......int	1.1	March 5	1.1	—	3.1
MFI ......int	1.1	April 2	1.1	—	2.62
Westpool Inv ......int	0.34	March 6	0.34*	—	1.11‡*

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Excluding special LMS payment of 0.639p.

AGB climbs to £2m

A 63 PER CENT leap in profit from market research and information systems activities enabled AGB Research to push first-half pre-tax profit up from £1.46m to £2.04m on turnover £3.34m ahead at £18m. The net interim dividend is being stepped up from 2p to 2.3p on capital increased by the May rights issue.

The company says that seasonal factors, which bring in more revenue in the final quarter, are likely to produce a generally satisfactory outturn for the year. Last time the full-year total rose almost £1m to a record £3.66m and 3.5p was distributed.

During the six months to October 31, 1981, pressures on circulation and advertising revenues hit the publishing side where profit slipped from £454,700 to £410,000. The market research division's contribution, however, reached £1.63m (£1m).

Mining and Bids on Page 26

● comment

AGB's shares took on 7p yesterday to close at 277p. The group remains on course for £5m this year which gives the shares a rating in the high 20s. It's not hard to find the sex appeal in market research — prospective satellite and cable TV systems will all need extensive research services before setting up. AGB is now well spread internationally and with an ungeared balance sheet continues to pursue an active acquisition policy. The shares, however, gain considerable strength from AGB's position as the only publicly-quoted company in its field in the UK. It remains to be seen whether this energetic company's management can keep a firm hand on a group which has more than doubled its net worth in just two years. The prospective yield, assuming a similar rise in the final, is just over 3 per cent.

Westpool pays same interim

AVAILABLE revenue dropped slightly from £692,000 to £686,000 for Westpool Investment Trust for the six months ended October 31 1981 after tax of £335,000, against £323,000.

The interim dividend is being maintained at 0.344p per 25p—last year's total was an equivalent 1.106p before a special payment of 0.639p in connection with the acquisition of London Merchant Securities.

Earnings per share are reported as 61p (same).

The group's share of the LMS dividend—£826,000 (£688,000)—is £493,371 which includes the associated tax credit.

U.S. important to Stenhouse

WITH 50 per cent of the world's insurance premiums being generated in the U.S., Mr Herbert Houghton, chairman of Stenhouse Holdings, tells members it is vital the group is strongly and effectively represented there.

Stenhouse, he says, already has good geographical coverage, with a significant position in the market, and "our policy remains to continue growth and to make our activities more profitable."

He points out a 25 per cent increase in the U.S. companies' gross income in 1981, adding that as volume grows so will the capacity to absorb the development and acquisition costs.

He states in his annual review that the group's most directly significant development during 1981 was the expansion of its Lloyd's underwriting agency activities; four companies were acquired for £3.1m cash and involved the merger with Reed Stenhouse's existing Lloyd's underwriting subsidiary.

"In combining these companies, we have expanded and broadened the group's presence at Lloyd's; in addition, we have already achieved a saving in expenses and we expect further savings to be made."

Mr Houghton says that if the Divestment Clause, within the proposed Lloyd's Bill, is enacted as presently worded, it would mean that the group's Lloyd's underwriting agency companies "would require to be separated from the group within five years of the Bill receiving the Royal Assent."

He adds that there is considerable opposition to this Clause and in view of the group shareholding and management structure, the directors consider it "quite inappropriate that its terms should apply to us."

In conjunction with the Continental Corporation, Stenhouse recently launched a life assurance company, Continental Life, in which Reed has a 50 per cent interest. This company has been established, the chairman says, to suit the needs of UK life and pensions brokers.

As reported on December 17, pre-tax profits for the year ended September 30 1981 rose by 12.8 per cent from £7.74m to £8.73m and the total dividend is lifted to 5.1p (4.65p) net per share with a final of 3.28p.

Reed Stenhouse, in which the group has a 53.7 per cent interest, increased its taxable surplus to £15m, against £13.27m, with results benefiting from exchange rate movements during the 12 months.

Net assets attributable to Stenhouse amounted to £35.5m (£31.23m) at the year end comprising: insurance broking (£3.69 per cent) £27.8m (£23.72m), and other interests £7.7m (£7.51m).

YEARLINGS

The interest rate for this week's issue of local authority bonds is 15½ per cent, down a quarter of a percentage point from last week and compares with 13½ per cent a year ago. The bonds are issued at par and are redeemable on January 26.

A full list of issues will be published in tomorrow's edition.

Allied Residential 'will not meet profit target'

BY IAN RODGER

Allied Residential has reported disappointing interim profits and advised shareholders that the £1m profit forecast for the year to March made at the time of the flotation last May will not be met.

Mr Michael Heathcote, chairman, said demand for residential housing dropped dramatically last autumn as interest rates rose. Then the severe winter weather made things worse.

"There have been virtually no sales in the past two months because of the weather. We had budgeted to sell 300 houses in the full year but we will be very lucky to sell 200."

The group was formed last spring to acquire the residential property interests of Allied Plant Group and Thames Investment and Securities.

Pre-tax profit in the first half was £150,000 after finance charges of £216,000, administrative charges of £47,000 and a pre-acquisition loss of £29,000. Tax took £19,000. Turnover amounted to £3.36m.

The directors have declared the forecast 1p interim dividend; the prospectus also anticipated a 1.45p final dividend.

The directors said the group's contracting division would cease operations, resulting in substantial economies. While higher stocks than normal for this time of year were being held, this put the group in a strong position to take advantage if there is an upturn in the market.

Allied's failure to meet its profit forecast is another setback for Tring Hall Securities, which sponsored the placing last May.

In recent weeks, two Tring-sponsored companies on the Unlisted Securities Market, Staneko and Euroflame, have reported difficulties. Both have tumbled into loss within a year of being floated. Euroflame, like Allied Residential, made a profit forecast which will not be met.

Tring has also suffered from the recent decisions of some of its companies to seek other advisers. Trust Securities, for example has moved to Antony Gibbs, while Heelamat and Allied Residential have also dropped Tring as an advisor but have not yet appointed a replacement.

Mr Chris Baker, a Tring director, agreed that the recent setbacks have hurt the house's reputation.

"There is nothing we can do about it until these things are flushed out. I honestly can't see what else there is to flush out."

He felt Tring had been unlucky in bringing issues to the market just before the economy took a very bad turn and pointed to the fact that reputable accounting and legal firms had been used in preparing prospectuses and forecasts — Ernst and Whinney and Travers Smith Braithwaite examined Allied Residential, Simons Cohen Fine and Co. and Cardales reviewed Euroflame.

"I don't think I'll ever put my signature to a profit forecast ever again," Mr Baker said.

He said Tring too had had a difficult time in 1981 "but we're okay." Tring is an unquoted company and its shares are traded by private treaty. Bargains took place at 235p last June but Mr Baker said the price last week was 220p.

Share issues sponsored by Tring Hall since April 1979

Company	Placing price	Current price
Intervision*§	115p	104p
Bio-Kil Chemicals	70p	35p
Willsirel	41p	15p
Webber Electro Components	44p	82p
Baker Electronics§	60p	24p
Trust Securities	150p	182p
Thames Investments	148p	148p
Heelamat	30p	35p
Euroflame	35p	18p
Allied Residential¶	35p	21p
Staneko	63p	35p

* formerly John Baker (Insulation). † acquired by Laporte Industries in July, 1980 for 150p per share. ‡ formerly Lontrim. § dealings under Stock Exchange rule 163 (2). ¶ listed on the Stock Exchange.

Hickson & Welch: better trend

NO MORE than a modest improvement is expected in the troubled chemicals division at Hickson and Welch (Holdings) in the coming year, and even this will depend on costs being contained. But a further advance in profits is anticipated from the group's other major activity of timber preservation.

In his last annual statement before retirement as chairman Dr T. Harrington says that because of present conditions his report is "inevitably tinged with caution" but the group has both the potential and capability to take advantage of any new opportunities.

Looking at the chemical side, which for 1980-81 dived from pre-tax profit of £2.87m to £1.1m with losses in two of its three subsidiaries, Mr Harrington points out that the weak chemical market has prevented increased costs being recovered through higher selling prices.

He points out that even when the recession is over demand in the UK for some of the group's chemicals will be less than that enjoyed four or five years ago. While world demand for chemicals will continue to grow, a much larger proportion of these products is now made abroad, particularly in developing countries where costs and standards are often lower.

However the group has a toe-hold in supplying intermediates to pharmaceutical and agro-chemical outlets which the directors expect to remain a growth area: "We are stepping up our efforts in these fields and also in other directions where we have identified scope for expansion."

Overall capital spending was down from £4.2m to £3.4m last year with higher expenditure in the timber preservation companies but no major new projects in chemicals.

As reported January 8, group taxable profit for the year ended September 30, 1981 slipped from £6.49m to £6.28m on turnover of £90.9m (£93.3m) but the net dividend was held at 7.5p.

Interest costs were halved but there was a £0.98m loss at Hickson and Welch Ltd after £0.15m redundancy costs and a £0.55m write-off on plant.

The decline on the chemical side was partly offset by a rise from £3.05m to £4.06m pre-tax on sales of £33.89m (£28.87m) on timber products, and from £241,000 to £505,000 on sales of £15.7m (£16.3m) from building materials. Intercompany sales amounted to £15.57m (£11.92m). £1.07m (£485,000). Apart from a higher working capital requirement no significant increase in borrowing is expected in the current year.

An analysis of sales and profit, before investment income, on a geographical basis shows in £000s: UK £67,822 (£75,170) and £2,122 (£3,952); South Africa £9,314 (£8,078) and £894 (£678); New Zealand 7,324 (£6,341) and £922 (£655) and South East Asia £6,013 (£5,707) and £732 (£678).

At December 31 Kuwait Investment Office held an 8.6 per cent interest, Britannic Assurance 6.85 per cent and Prudential Assurance 5.82 per cent.

Meeting: 140, Buckingham Palace Road, SW on February 11 at 11.30 am.

Japanese seek U.S. coal mine

FROM Tokyo it is reported that Japan Coal Development appears to be favouring the joint development with U.S. interests of steaming coal prospects in America's mid-west.

The Japanese company, which was set up two years ago, has received a number of joint development proposals from American mining companies. It now seems to be particularly interested in the proposed opening up of the Coral Canyon mine in Wyoming.

Company officials decline to go into detail, saying that significant negotiations have not yet started, but they concede that proposals from the Coral Canyon and other mines are worth serious consideration.

Rocky Mountain Energy, a Union Pacific Railroad subsidiary, has offered to sell a 30 per cent equity interest in Coral Canyon, depending on the Japanese company's commitments to taking production from the venture.

The U.S. company has completed a feasibility study and has told the Japanese that it would send officials to Tokyo late this month for a technical briefing on the study.

Under the proposed plan the coal mine would start production around 1985, with an annual output of more than 2m tonnes for shipment to Japan.

EUROPEAN OPTIONS EXCHANGE

Series		Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C	$375	34	12	—	—	—	—	$376
GOLD C	$400	30	5	14	17	1	27	"
GOLD C	$425	65	2	63	9.40	—	—	"
GOLD C	$450	—	—	14	5.50	—	—	"
GOLD C	$475	—	—	3	2.50	—	—	"
GOLD P	$350	—	—	60	8	24	11	"
GOLD P	$375	22	2	42	14 B	2	17	"
GOLD P	$400	10	25	108	28	5	32	"
GOLD P	$425	—	—	23	48 B	33	45	"
GOLD P	$450	2	72	—	—	—	—	"
12¼ NL 81 87-91								
C	F.105	—	—	60	2.80	—	—	F.105.40
C	F.107.50	50	0.20	15	1	—	—	"
12 NL 81 85-88								
C	F.100	20	2.10	—	—	—	—	F.101.70
P	F.100	20	0.20	5	1.20	515	1.50	"
10¾ NL 80 86-95								
C	F.97.50	—	—	200	1.20	8	1.90	F.96.40
P	F.95	—	—	100	1.10	—	—	"
P	F.97.50	—	—	100	1.70	—	—	"
		April		July		Oct.		
AKZO C	F.22.50	52	2.90	—	—	—	—	F.24.70
AKZO C	F.25	305	1.30	52	2	—	—	"
AKZO C	F.27.50	—	—	6	1	—	—	"
AKZO P	F.22.50	29	0.30	—	—	20	0.90	"
AKZO P	F.25	97	1	—	—	—	—	"
AMRO C	F.55	6	1	—	—	—	—	F.52
HEIN C	F.50	4	3.10	—	—	—	—	F.50.40
HEIN C	F.55	7	1	—	—	—	—	"
HEIN P	F.45	11	0.30	—	—	—	—	"
HEIN P	F.50	—	—	2	2.50	—	—	"
HOOG C	F.17.50	—	—	4	1	—	—	F.15.80
IBM C	$60	3	4	6	5	—	—	$61⅝
IBM P	$60	—	—	6	2¼	—	—	"
KLM C	F.80	2	11.50 A	—	—	—	—	F.87.70
KLM C	F.90	68	6.30	—	—	—	—	"
KLM C	F.100	35	3.20	—	—	2	7.40	"
KLM C	F.110	20	2.20	—	—	—	—	"
KLM C	F.120	72	1.10	—	—	—	—	"
KLM P	F.80	20	1.50	—	—	—	—	"
KLM P	F.90	44	6.30	3	7 A	—	—	"
NEDL C	F.130	—	—	—	—	5	11	F.132.50
NEDL C	F.140	15	3.80	30	5	—	—	"
NEDL C	F.150	2	1.50	—	—	—	—	"
NEDL P	F.130	—	—	—	—	6	8.50	"
NEDL P	F.140	5	8.50 A	—	—	—	—	"
NATN C	F.110	10	2.50	—	—	—	—	F.109.20
NATN C	F.115	—	—	13	2.10	6	2.60	"
PETR C	Fr.5000	6	170	2	310	—	—	Fr.4400
PHIL C	F.17.50	40	5	—	—	—	—	F.21.70
PHIL C	F.20	265	2.40	224	2.70	—	—	"
PHIL C	F.22.50	125	0.80	282	1.10	155	1.60	"
PHIL C	F.25	120	0.30	—	—	—	—	"
PHIL P	F.20	—	—	—	—	20	0.70	"
PHIL P	F.22.50	34	1.10	—	—	—	—	"
RD C	F.80	37	6.50	—	—	—	—	F.81.80
RD C	F.90	148	2	127	3.30	—	—	"
RD C	F.100	70	0.60	—	—	—	—	"
RD P	F.70	—	—	100	0.90	—	—	"
RD P	F.80	97	2	36	5	10	4	"
RD P	F.90	3	6.60	46	8	—	—	"
UNIL C	F.150	7	7.40 B	—	—	—	—	F.158
UNIL C	F.160	36	2.40	23	2.70	—	—	"
UNIL P	F.140	56	0.10	16	2.40 A	—	—	"
UNIL P	F.150	12	2.50 A	6	2 A	—	—	"
UNIL P	F.160	3	8.60 B	—	—	—	—	"
		Feb.		May		Aug.		
MANN C	DM.160	—	—	40	3.50	—	—	DM144.8

TOTAL VOLUME IN CONTRACTS: 4736

A=Asked B=Bid C=Call P=Put

SPAIN

January 19	Price %	+or−
Banco Bilbao	350	+7
Banco Central	356	+6
Banco Exterior	316	+2
Banco Hispano	323	+6
Banco Ind. Cat.	115	
Banco Santander	366	+4
Banco Urquijo	219	+3
Banco Vizcaya	387	+12
Banco Zaragoza	227	+2
Dragados	147	+7
Espanola Zinc	60	
Fecsa	61.5	+0.6
Gal. Preciados	43	
Hidrola	66.7	−0.3
Iberduero	54	
Petroleos	85.5	+3
Petroliber	99	
Sogefisa	36	−2
Telefonica	71	−1
Union Elect.	65.7	+0.7

THE TRING HALL USM INDEX

115.1 (+0.5)

close of business 19/1/82

BASE DATE 10/11/80 100

Tel: 01-638 1591

CORAL INDEX

Close 544-549 (+12)

OIL INDEX

March Refined $40.30

Countryside profits rise 45% to £1.3m

FULL-YEAR pre-tax profits of Countryside Properties, up some 45 per cent from £903,000 to £1.32m, confirm the directors' interim expectations which included a second-half contribution from commercial property development.

And, as forecast, the final dividend is increased to 2.45p, against 2.1p, lifting the total to 3.85p (3.5p) net per 25p share for the period ended September 30 1981.

Mr Alan Cherry, the chairman, says the group expects further progress in the current year.

After six months the taxable surplus had fallen to £407,000, compared with £753,000.

Turnover for the year expanded from £14.5m to £16m and the pre-tax figure was after interest well ahead from £382,000 to £1.44m.

During the year two large supermarket schemes were completed and sold, and the group is currently involved in a number of other commercial developments, of which two office schemes are nearing completion. It is hoped that a further two retail shopping schemes will be finished by next September.

Terms have recently been agreed for the purchase of several further sites, the directors state.

Despite difficulties in the housing market generally, the housing division continues to achieve a reasonable level of business, with the group's part-exchange and mortgage subsidy incentive schemes continuing to prove "most effective."

After tax of £89,000 (£90,000) earnings per share are shown as 20.3p (13.6p) representing a return on shareholders' funds of 25 per cent. Borrowings at the year end were reduced from £8.6m to £5.8m.

The retained balance emerged ahead from £803,000 to £985,000 after dividends' cost of £231,000 against £210,000.

On a CCA basis the pre-tax figure is reduced to £908,000.

Insurers declare higher bonuses on life policies

HIGHER RATES of reversionary bonus have been declared for 1981 by the Life Association of Scotland, a member of the Dutch Nationale Nederlanden Group.

For individual life and pension contracts, the rate applied to the sum assured is maintained at £4.50 per cent, but the rate applied to attaching bonuses is raised by £1 to £5.50 per cent. Such an increase has its greatest effect on the longer-term contracts. For policies taken out before October 1970, the bonus rate is increased by £1 to £6 per cent of the sum assured only.

On self-employed and new code pension policies the rate applied to the basic annuity stays at £4.75 per cent, but the rate applied to attaching bonuses rises £1 to £5.75 per cent. The rate on pre-October 1970 contracts is lifted by £1 to £6 per cent of the basic annuity.

However, the capital and retirement bonus rates paid on death or maturity claims or when the pension commences is maintained at the 1980 level of 35 per cent of attaching bonuses for October 1970 contracts, and 20 per cent of attaching bonuses for others.

Clerical, Medical and General Life Assurance Society is increasing its intermediate bonus rates by keeping the level terminal bonus is the same as for the NFU.

them on an annual basis instead of triennially. Thus, the present rate of £4.80 per cent of the sum assured and attaching bonuses is equivalent to £5.034 per cent on a three-year basis. The company intends to move to annual declarations after the next three-year declaration is made for the period to December 31 1983.

Higher rates of reversionary and terminal bonuses have been declared by the National Farmers Union Mutual Insurance Society and its subsidiary, Avon Insurance Company.

The new rate for NFU life and endowment assurance is improved 40p to £6 per cent of the sum assured, while for Farmers pension policies it is lifted 50p to £9 per cent of the basic benefit.

Terminal bonuses in 1982 for assurances will be 20 per cent, plus 1 per cent for each year prior to 1980 applied to total bonuses. Previously, the 1 per cent applied for each year from 1970. On Farmers Pension Policies the rate is 60 per cent plus 1 per cent for each year prior to 1980, of total bonuses. The 1 per cent is a new addition.

Avon has lifted its reversionary bonus rate for assurances by 40p to £6.60 per cent of the sum assured by and 50p to £9 per cent of the basic benefit for personal pension contracts. The terminal bonus is the same as for the NFU.

British Cinematograph loss

ALTHOUGH British Cinematograph Theatres improved its turnover marginally from £1.91m to £1.93m, excluding VAT, for the six months to July 31, 1981, the company fell into the red for the period incurring a pre-tax deficit of £59,281, compared with a profit of £13,436.

Turnover in the second half has also improved, but the directors warn that pressure on margins is continuing and despite efforts to raise profitability a further loss is expected for the six months to January 31. For 1980-81 pre-tax profits dropped from £86,235 to £20,120.

The taxable loss for the first half was after depreciation of £15,107 (£14,320) and included net rental and investment income of £5,548 (£8,674).

Tax took the same at £43 leaving a net deficit of £59,324, against a surplus of £13,393.

In accordance with the group's accounting policy no provision for deferred tax was made as no liability is expected to arise in the foreseeable future. No rental or development expenditure was included in the figures in relation to the Sperry Univac computer which has still to become fully operational.

The directors point out that the increase in turnover of Dollonds Photographic was insufficient to meet the increase in costs of rates, salaries and other expenses and to overcome the reduction in gross margins resulting from intense competition, the economic recession and stock losses due to fluctuations in the value of sterling.

As already known the group is planning to change its name to Dollonds Photographic Holdings.

Inter-City deficit rises

THE DEEPENING recession and high interest rates meant taxable losses of £250,000 compared in £116,000 previously for Inter-City Investment Group for the helf year ended June 30 1981. Turnover was down to £4.43m (£5.07m), the lowest in five years.

Mr J. Harris, chairman, also attributed lower turnover and reduced profit margins to unseasonable weather and e high level of bad debts. He says action has been taken to effect substantial economies in overheads and employee costs but, as the benefits of these will not be reflected until 1982, he predicts a loss for the six months to December 31 1981.

He does, however, anticipete e return to profit in 1982 as e result of a major change in buying policy aod source of supply for the wbolesale distribution division.

EPIC up slightly

PRE-TAX income of Estates Property Investment Company edged ahead from £1.22m to £1.25m for the six months ending October 31 1981 and the net interim dividend is being held at 2.75p per 25p share—a final of 4.25p was paid last year from taxable income of £2.49m.

Rents receivable for the half year totalled £1.78m (£1.63m) and net property income was also higher at £1.63m, against £1.51m. Net interest payable declined from £202,000 to £182,000 but ground rents payable increased to £197,000 (£84,000).

Tax took £436,000 (£390,000) leaving the surplus available for distribution lower at £915,000, compared with £831,000.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—James Austin Steel, A. and J. Geller, Midland Trust, New Witwatersrand Gold Exploration, Property Security Investment Trust, Stock Conversion and Investment Trust.

Finals—Anglia Television, Arbuthnot Sterling Fund, Beecham Engineers, Gestetner, Lockers, Tate and Lyle, Trusthouse Forte, Vogelstruisbult Metal.

FUTURE DATES

Interims—

Crouch Group	Feb 9
Davy Corporation	Jan 25
Hillsfds	Feb 1
Priest (Benjamin)	Jan 25
Somerville (William)	Jan 25
Wellman Engineering	Jan 28
Finals—	
Glass Glover	†Jan 21
Hill and Smith	Jan 28
Imperial Chemical Industries	Feb 25

† Amended.

PRESS CONSTRUCTION

As part of a reshaping of the engineering construction group William Press, the UK construction subsidiary William Press and Son is being renamed Press Construction.

The realignment of the group companies has been enabled by a scheme of arrangement resulting in the creation of a holding company William Press Group to replace William Press and Son which was both the parent and a major trading company.

Everards ahead at year-end

TRADING profits of Everards Brewery improved by 10.4 per cent from £1.39m to £1.6m in the year to September 30, 1981. Profit was maintained, says Mr R. O. Steel, the chairman, despite incurring considerabla expenditure io preparation of e new site. Turnover of this Leicester-based brewer increased from £13.28m to £15.37m.

The total dividend is raised from 6.4p to 6.8p with an improved total of 4.5p (4.1p).

Mr Steel says the company maintained a rate of growth to sbow an overall increase in beer barrelage of 6.8 per cent, while the industry generally was cootracting by 5.5 per cent. For the first time, trade exceeded 100,000 barrels with the gain coming, as in the previous year, in free and take-bome trade.

The wine and spirit company, John Sarson and Son, with its small retail arm, has been much more effective and profitable, and he views the future with increasing confidence.

With the increase in its overall trade and the cost of work oo the new site, be says the timing of the availability of Tuborg was an opportunity te be seized and exploited for mutual edvantage.

Everards negotiated a franchise agreement covering the whole of the Midlands for Tuborg Pils and Tuborg Gold, and this will permit it to brew these beers under licence as target barrelages and production facilities meture.

It is planoed, in the long term, to build capacity to produce Tuborg lager at its new site in Narborough Road, Leicester, but this will be financed oot of earnings in order to guard its independence.

A new public house, replacing the old Crow's Nest, bas been e notable success. It cost £280,000.

Property disposals during the year resulted in profits of £2,000 (£141,000). Tax cherged was down £749,000 to £642,000, and after dividends of £153,000 (£145,000), retained profits were bigher at £806,000 (£639,000). Stated earnings per £1 share were up from 38.3p to 47p.

CCA earnings per share were 29p (27.6p) from profits of £1.24m (£1.32m). The company intends to call an extraordinary general meeting at which sharebolders will be recommended to revert to privete statos.

NEWS ANALYSIS: GRINDLAYS BANK'S HONG KONG DISPOSALS

Setting the perennial chestnut aglow

BY WILLIAM HALL AND KEVIN RAFFERTY

FEW BRITISH banks bave been the subject of so much speculation as the 154-year-old Grindlays Bank, and this week's announcement that it is planning to sell the bulk of its Hong Kong operations for £70m set the rumour mills churning again.

Ever since its two principal shareholders, Lloyds Bank and Citibank, came to its rescue in the UK banking crisis of the mid-1970s, there bave been perennial rumours that one or other of them was gaing to make a hid for Grindlays.

Although it ranks 159th in terms of size in the world, Griodlays is one of only a handful of international banks twithout a large domestic deposit base.

It is the higgest foreign bank in India with 4,000 staff and 54 branches. It is one of the biggest hanks in Zimbawe, the United Arah Emirates and Cyprus. It has 12 branches in Jordan, nine in Bangladesh and five in Oman, for example, as well as dozens of other offices around the world.

While its spread of 200 branches and offices in 40 countries has beeo the envy of many banks, Grindlays Bank has heeo drifting for years. Its setback in the mid-1970s left it saddled with large subordinated loans and relatively high gearing ratios which restricled its growth.

In the eyes of the international banking community, Grindlays Bank has been auffering from three major problems; it is poorly capitalised, it has no strong UK earnings to offset its high overseas tax charge, and ita shareholders seem to be unable to make up their minds about the bank's future.

This has had the side-effect of undermining ataff morale and made it difficult to recruit "top-flight" hanking talent.

The planned aale of the Hong Kong operation will go a long way towards helping solve these problems. The £30m capital gain on the transaction will give a welcome boost to the hank's relatively weak capital ratios and is likely to be used to boost UK earnings which will help reduce the unusually high tax charge.

In addilioo the move wheo seen in conjunction with the recent appointment of a group chief executive (following a year when the bank was ron by an eight-man executive committee) ia evidence that Grindlays Bank has found some sense of direction after years of strategic drift.

For the Hong Leong Group there is a great ironic success in its purchaso of the Dao Heog Bank from Grindlays, assuming that the sbareholders and the authorities approve the sale: it will bave aucceeded in gaining a banking licence abroad after years of trying unsuccessfully for one in its home base of Singapore.

Grindlays has placed its faith in Hong Leong over rival suitors reported for Dao Heng from Thailand, Taiwan and Malaysia. When the Monetary Authority of Singapore turned down Hong Leong in the late 1970s, it was reputedly becsuse Hong Leong lacked banking know-how.

In a aense, the Singapore authorities have only shown their great conservatism. Hong Leong Finance, the quoted arm of the group embracing its financial inlerests, has won the confidence of both the financial and the investing public.

The finance house bas assels of S$250m (US$124m) and a market capitalisation of S$671.5m at the end of 1981.

Hong Leong Finaoce ranked 22nd of all Malaysian and Singapore companies by market capitalisation. If il were a bank, Hong Leong would be Singapore's fifth largest commercial bank after the Development Bank of Singapore, Overseas-Cbinese Banking Corporation, United Overseaa Bank and Overseas Union Bank, but then the Singapore authorities bave traditionally been conservative: no local institution has heen awarded a full hanking licence sinre the 1950s.

The finance house is only part of a much larger group which includes property and hotels, plantetiona, a cement plant, printing, housing and trading.

The group has assets probably in excess of S$1bn on both sides of the causeway between Singapore and Malaysia. It is controlled by the Kwek family, led hy Mr Kwek Hong Png who estahlished the Hong Leong company privately more than 40 years ago.

Hong Leong Finance began business in 1966 with Kwek Leng Beng, one of the sons, as its managing director. The young Mr Kwek is still only in his mid-30s. The finance company's first business centred around property mortgages and hire purchase of motor vehicles, but quickly expanded and offered a broad range of financial services, including leasing and industrial equipment financing.

In 1980, Hong Leong acquired a controlling intereat in Manson Finance Trust, a UK-based group specialising in secured mortgage financing and factorying.

Mr Kwek Leng Beng bas, for some time, been anxious hoth to complement Hong Leong's financial services by means of a full banking licence and to look abroad to a more international stage.

The purchase of Dao Heng may help to achieve both those objectives. The group is also hoping for a full bank licence in its own territory of Singapore when the new Trade and Industry Minister, Dr Tony Tan, himself a banker, completes his review of Singapore competitiveness as an international financial centre.

LONDON TRADED OPTIONS

Jan. 19 Total Contracts 2,615. Calls 2118. Puts 497.

Option	Exercise price	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP (c)	260	44	12	50	—	—	—	302p
BP (c)	280	24	8	34	20	40	12	"
BP (c)	300	5	31	17	10	28	—	"
BP (c)	350	½	1	—	—	—	—	"
BP (p)	280	⅜	5	10	—	14	—	"
BP (p)	300	6	17	20	—	60	—	"
BP (p)	320	20	2	—	—	—	—	"
CU (c)	120	10	—	20	6	25	46	120p
CU (c)	130	2	6	13	45	19	1	"
CU (c)	140	1	—	6	27	13	—	"
CU (c)	160	½	—	3½	15	—	—	"
Cons. Gld (c)	420	62	5	52	2	66	2	450p
Cons. Gld (c)	460	2	—	27	18	45	—	"
Cons. Gld (c)	500	1	—	12	—	27	10	"
Cons. Gld (p)	420	1	—	12	4	18	—	"
Cons. Gld (p)	460	15	—	30	1	47	—	"
Cons. Gld (p)	500	54	1	62	—	70	—	"
Ctlds. (c)	50	31	1	33	1	36	—	72p
Ctlds. (c)	70	10	73	16	20	16	—	"
Ctlds. (c)	80	1½	46	7½	10	8	16	"
GEC (c)	650	175	2	187	3	200	—	810p
GEC (c)	700	125	16	142	—	155	1	"
GEC (c)	750	75	2	90	2	112	—	"
GEC (c)	800	25	53	53	3	70	5	"
GEC (c)	850	1	30	25	37	40	22	"
GEC (p)	750	½	—	8	1	14	—	"
GEC (p)	800	1	9	22	—	30	3	"
Gr'd Met. (c)	160	32	07	35	—	40	—	190p
Gr'd Met. (c)	180	12	122	17	17	24	3	"
Gr'd Met. (c)	200	½	—	7	25	13	10	"
Gr'd Met. (p)	180	2	—	10	12	13	11	"
Gr'd Met. (p)	200	12	24	17	2	33	—	"
ICI (c)	660	63	1	68	—	74	—	"
ICI (c)	280	43	8	48	5	54	—	"
ICI (c)	300	23	109	30	45	38	1	"
ICI (c)	330	1½	1	12	25	20	—	"
ICI (p)	240	½	70	3	—	4	—	"
ICI (p)	680	½	—	8	1	10	—	"
ICI (p)	300	1	—	16	28	18	—	"
ICI (p)	330	—	—	22	10	26	—	"
Land Sec. (c)	280	—	—	25	8	32	—	285p
Land Sec. (c)	300	—	—	14	10	21	3	"
Mks & Sp. (c)	110	25	14	30	—	33	—	135p
Mks & Sp. (c)	120	16	6	20	25	26	—	"
Mks. & Sp. (c)	130	5	42	12	34	16½	—	"
Mks & Sp. (c)	140	¾	—	5	26	0	—	"
Shell (c)	350	20	2	36	—	42	—	378p
Shell (c)	390	2	—	18	24	28	—	"
Shell (c)	420	½	—	7	—	14	1	"
Shell (p)	360	1	—	14	10	20	—	"
Shell (p)	390	14	42	26	2	38	—	"
Shell (p)	420	44	12	50	1	02	2	"
		February		May		August		
Barclays (c)	420	45	10	52	—	68	3	455p
Barclays (c)	460	15	6	25	25	45	—	"
Imperial (c)	50	25½	10	26	—	27½	—	75p
Imperial (c)	60	15½	60	16½	100	17	—	"
Imperial (c)	70	7½	02	2	68	11	2	"
Imperial (c)	80	2	48	3½	—	5	—	"
Imperial (p)	70	3	10	4½	2	6	—	"
Imperial (p)	80	7½	—	10	4	12	—	"
Lasmo (c)	420	8	4	67	—	46	—	389p
Lasmo (c)	500	4	—	15	10	15	13	"
Lonrho (c)	80	3½	3	6	—	2½	—	72p
Lonrho (p)	70	0	—	3	1	6	—	"
Lonrho (p)	80	5½	—	8	—	11	4	"
P & O (c)	100	41	—	47	4	—	—	138p
P & O (c)	120	21	11	29	—	33	—	"
P & O (c)	130	15	7	22	20	28	—	"
P & O (c)	140	8	8	16	27	20	8	"
Racal (c)	350	30	2	45	18	—	—	383p
Racal (c)	390	15	21	66	53	42	10	"
Racal (c)	420	5	8	10	00	30	5	"
Racal (c)	460	1	—	8	1	17	—	"
Racal (p)	360	5	—	8	26	—	—	"
Racal (p)	380	13	63	20	20	25	—	"
Racal (p)	420	40	5	42	16	45	1	"
Racal (p)	460	80	4	82	2	85	—	"
RTZ (c)	390	54	—	60	10	20	—	427p
RTZ (c)	420	25	1	37	2	55	—	"
RTZ (c)	460	10	—	23	80	37	15	"
RTZ (c)	500	1	—	6	25	—	—	"
RTZ (p)	420	20	1	20	52	25	—	"
RTZ (p)	460	42	2	47	—	55	—	"
Vaal Rfs. (c)	60	3	3	4½	11	7	—	$58
Vaal Rfs. (c)	70	½	—	2	3	3	10	"
Vaal Rfs. (p)	60	3	—	7	10	8½	—	"

C=Call P=Put

RTZ: no further increase

Rio Tinto-Zinc has confirmed that the present terms of its offer for Thos. W. Ward are final and no further increase will be made prior to the 225p per share bid's closing date on January 26.

Announcing this yesterday, RTZ also took the opportunity to add again to the series of letters and Press notices directed at Ward's shareholders by the two contestants of the take-over battle launched by RTZ on November 20 last year.

Sir Anthony Tuke, RTZ's chairman, recapitulates in the letter the main points of his company's case and stresses again the conclusion, hotly disputed by Ward, that the demise of RTZ's bid would depress Ward's shares leaving them "weak for a long period—particularly if RTZ were to dispose of its shareholding."

The letter is also concerned to warn Ward shareholders not to risk having their acceptances withheld by postal delays due to bad weather or rail strikes. Morgan Grenfell, adviser to the bid, has made unusual arrangements whereby acceptance can be lodged by hand with certain branches of the Midland Bank in England and Wales.

Mr Peter Frost, Ward's chairman, said he was surprised that the RTZ bid terms had now become final. His Board had expected RTZ to pursue the option of a higher price reached in co-operation with some of Ward's larger shareholdera.

Such an Increase might have been allowed by the Take-Over Panel, bad It led to one transaction giving RTZ control of Ward.

Mr Frost repeated his view that the institutional holders in Ward thought the 225p per share on offer much too low. He would not speculate on the increment they would need to support the bid "but it is not a small one."

Meanwhile, RTZ has continued to accumulate Ward shares in the market. Its stake was up to 36.2 per cent yesterday morning and brokers de Zoete and Bevan are understood to have been buying steadily through the day.

Fisons in Canadian deal

Fisons, the chemicals group, has acquired for C$8.5m the outstanding shares in its 50 per cent-owned Canadian interest, Fisons Western Corporation.

The vendor is Mascao Corporation, which represents the business interests of Mr S. B. McLaughlin. It was called S. B. McLaughlin Associates when it sold Fisons its initial half stake in the Canadian company in December 1980.

The first purchase was made for C$12.5m and the aggregate consideration has been based upon the net asset value of the acquired business, which produces for the North American horticultural market.

Mr David Peters, director of planning and administration at Fisons, said the company had been happy to accept a limited stake at first, giving it a useful local partner and meeting what seemed to be the preference of the Canadian Foreign Investment Review Agency.

Towards the end of last year, however, Mr McLaughlin indicated his desire to sell his remaining holding. The business, said Mr Peters, had performed "well up to expectations" and contributed substantially to the £1.1m first-half profit of Fisons' horticultural division, to which it belongs.

Fisons has accordingly taken the opportunity to buy the whole of the business but will now discuss its total purchase with the FIRA and could yet face a request for partial disinvestment from the Canadian Government.

The cost of the latest move has been partly financed by additional Canadian dollar borrowings for Fisons and also draws on its existing cashflow in the country. Fisons has a Canadian pharmaceuticals subsidiary.

Plans for the new subsidiary include the inauguration of two new plants later this year for the manufacture of peat-based horticultural fertilisers. They are under construction in Manitoba and British Columbia and will aim, like the existing business, to serve the North American market.

Fisons' shares closed up 5p at 160p.

Less than 10 bidders in the running for Bowmaker

THE NEW owners of Bowmaker, Britain's last large independent finance house, are expected to be announced within the next few days.

S. G. Warburg, the merchant bank advising Marsh and McLennan, the U.S. insurance brokers selling Bowmaker, is expected to release details of an agreement in principle for the sale of Bowmaker in a deal which could be worth as much as £100m.

Considerable speculation surrounds the new owners of Bowmaker. Several leading U.S. and European financial institutions in addition to UK firms are known to have been in the running but the final short list has been reduced to less than 10 bidders.

Bowmaker, which has over 100 offices in the UK and Eire, had net worth of £54.9m at June 30 1981 and deferred tax of £48.1m. The group's pre-tax profits peaked at £12.5m in 1978 and in 1980 it made profits of £4.9m.

Bidders are attracted to the group because of its national network and sound management record. It is thought that the new owners could at least double and possibly treble the volume of business going through the operation without too much difficulty.

It is understood that Bowmaker's loss-making engineering operation, Bowmaker (Plaol) has been stripped out of the unit which will be sold as a pure finance house. Marsh and McLennan acquired Bowmaker following the takeover of C. T. Bowring.

STURLA HOLDINGS/ LAGANVALE ESTATE

The directors of Sturla Holdings and Laganvale Estate are to prepare profit forecasts for both companies to provide shareholders with further information about the combined group's prospects.

Laganvale, the quoted Belfast property company in which Mr Jim Slater has 26.46 per cent stake, is the subject of a bid by Sturla, the financial services group, in a recommended share deal which values Laganvale at £4.5m.

Mr Slater had irrevocably accepted the offer in respect of his holding. Together with Mr Simon Fraser with 12.47 per cent and the holdings of Laganvale this gave Sturla 46 per cent of the shares and acceptances since received are believed to have taken this to over 50 per cent. The irrevocable acceptances, which lapsed on January 13, are now being renewed until March 15 subject to profit forecasts now being prepared by both companies.

It is hoped that the offer document will be available for posting no later than the first week in February. The reason for this delay has been discussed with the City Panel.

PRESTIGE'S WIGGIN SIDE SOLD TO ONEIDA

The Prestige Group, the houseware goods manufacturer controlled by American Home Products of the U.S., has sold its Walsall-based Wiggin division to another U.S. company, Oneida.

The division chiefly comprises Old Hall Tableware, the maker of stainless holloware products, but also includes Bridge Crystal Glass Company and Wiggin Chains. The purchase price has not been disclosed but is understood to have exceeded £500,000.

Old Hall will now be managed from Oneida's London office, which also controls Oneida's other main UK interests, based at Bangor, Northern Ireland.

MANCHESTER SE BUILDINGS

Directors of the Manchester Stock Exchange Buildings state that the 375p per share offer by London and Manchester Securities is not related to the approach mentioned in the board's letter of January 13, 1982. They will be writing to holders in due course.

Directors and advisers—County Bank—recommend holders take no action in the meantime in respect of their holdings.

Boost for Randfontein in December quarter

BY KENNETH MARSTON, MINING EDITOR

THE BEST December quarterly report so far announced by the South African gold mining industry comes from Randfontein Estates in the Johannesburg Consolidated group. Working profits for the period have risen to R57.3m (£31.7m) from R47.3m in the September quarter and, thanks to a sharply reduced tax charge, profits at the net level are 59 per cent up at R50.9m.

Pretty well everything was going in the mine's favour during the past quarter. The average gold price received was higher both in terms of dollars ($441 per oz) and rands (R13,566 per kg), gold production Increased, uranium profits rose and there was a further fall in working costs.

Underground development values both in the Cooke section and in the old workings were satisfactory while 1981 Cooke ore reserves increased to 6.19m tonnes from 5.37m tonnes in 1980.

The gold value of the latest ore reserves was modestly raised to 10.3 grammes from 9.6 grammes. The uranium content was little changed but should rise as further development work is carried out at the new high grade Cooke No. 3 shaft area.

Thus Randfontein has recovered from the setback of tbo over-optimistic valuation of ore reserves in the old part of the mine which caused a stir in the sharemarket in November, 1979.

The mine's total net profit for 1981 comes out at R147.9m, an improvement on the R145.5m earned in 1980 when a high average gold price was received of R15,530 or $621.

As already announced, however, the 1981 dividend total was reduced to 750 cents from 1,100 cents in 1980. This reflected the increased capital expenditure which amounted to R104m last year compared with R78.6m in 1980.

The marginal Western Areas has made a lower profit in the December quarter despite having received a higher gold price. Gold output has fallen in line with a reduction in the gold grade to only 3.9 grammes, reflecting the need temporarily to draw upon low grade surface dump material, and costs have risen.

Latest gold development values are hardly inspiring as are the latest ore reserves which include a relatively small tonnage from the Middle Elsburg reefs where stoping operations are building up; these reefs have a low gold grade and are to be mined mainly for their uranium content.

Western Areas' latest ore reserve total of 10.49m tonnes at an average gold grade of 5.5 grammes is based on ore reserves at a gold price of R18,000 or $425.

It is notable how the reserves of this marginal mine are affected by changes in the gold price. At a price of $360 they would amount to only 8.12m tonnes with a grade of 5.9 grammes whereas they rise to 11.71m tonnes grading 5.3 grammes at a price of $400.

At the current price of around $377 Western Areas will be finding the going difficult but in the longer term matters will be helped by uranium production which is to begin this month; contractual deliveries of the material are due in the first quarter of next year.

Quarterly net profits of the two mines are shown in the following table.

	Dec. qtr.	Sept. qtr.	June qtr.
	R000	R000	R000
Randfontein	50,857	31,897	35,539
Western Areas	13,037	13,783	14,077

Murchison strengthens but Prieska goes into the red

THE STAR quarterly report from the mines in the Anglovaal group comes from the antimony-producing Consolidated Murchison. Profits have again improved in line with increased sales of antimony which continue to exceed production, thus reducing the stockpile built up prior to the recovery in the market for the material.

Sales of by-product gold have also earned more in the December quarter with the result that Murchison has once again staged a recovery from rags to something approaching riches. The total net profit for 1981 thus amounts to R4.61m.

Last year, when the volatile market for antimony collapsed Murchison suffered losses in the second half which left the total profit for 1980 at R1.48m. The dividend was limited to an interim only of 30 cents per share. The company passed its interim for 1981, but subsequently returned to the list with a final dividend for the year of 60 cents.

In sharp contrast to the revival fortunes of the antimony producer, the group's Prieska copper-zinc mine has gone back into the red during the December quarter. A loss of R440,000 leaves a half year profit of R1.27m compared with R5.61m in the same period of 1980.

Prieska has, of course, suffered from the falling price of copper. Shipments of copper concentrates also fell during the past quarter although those of zinc concentrates were slightly higher.

Of Anglovaal's gold mines, Hartebeestfontein has obtained a better gold price in the quarter, but its output has fallen as a result of a decline in grade. However, costs have eased and there has been a rise in the working profit on gold. Uranium income has dropped as a result of the timing of sales and the mine has come out with a small increase in overall net profits.

The marginal Loraine has managed to increase its working profit on gold and despite a reduction in state aid has ended up with a slightly higher profit for the quarter.

The Anglovaal profits are compared in the following table.

	Dec. qtr.	Sept. qtr.	June qtr.
	R000	R000	R000
Hartebeestfontein	28,057	27,560	29,442
Loraine	*2,526	*2,454	*3,583
Cons. Murchison	1,832	1,118	576
Prieska	†440	1,711	1,640
East Transvaal	255	1,917	2,422
Village Main	225	348	[illegible]

† Loss. * After receipt of State assistance.

Approval for W. Australian uranium mine

AUSTRALIAN Government approval has been given for the development of a small uranium mine in Western Australia. It is the Lake Way property, near Wiluna, and represents a joint venture between CSR's Delhi International Oil with 53.5 per cent and Vam with 46.5 per cent.

Economic viability and marketing studies will be carried out to determine how and when to extract an estimated 2,700 tonnes of uranium oxide which is thought to grade around a modest 1.5 lb uranium oxide per tonne.

SOCIETE GENERALE HAS 89.5% OF TANKS

Societe Generale de Belgique has received acceptances which would give it 89.5 per cent of the capital of Tanks Consolidated Investments and hopes to reach over 90 per cent by the end of this month.

Once it has topped 90 per cent, Societe Generale can declare the offer unconditional. The company, which held 30 per cent of Tanks ordinary shares directly or indirectly, is offering 450p per share for the balance.

The takeover, launched last September, was the first stage in a plan to reorganise Societe Generale's holdings in the non-ferrous metals sector.

It was followed by the absorption and reconstitution of Belgian company Union Miniere SA to head its newly vertically structured holdings in this sector, including Vieille Montagne SA, Metallurgie Hoboken Overpelt SA and Cie Royale Asturienne des Mines SA.

CONSULT INT./NEW DAY FURNISHING

Mr Ronald Shuck has acquired New Day Furnishing Stores and its hire purchase company, North Wales Trust.

The acquisition was handled through Consult International, a Birmingham-based company wholly-owned by Mr Shuck.

New Day Furnishings has its head office in Stockport, Cheshire, and sells furniture through its 70 retail outlets in the UK. It operates its own hire purchase finance company, North Wales Trust.

R. P. ELLEN TRANSFER

Church & Co., the Northampton-based shoe manufacturer and retailer, is to transfer the management of its R. P. Ellen subsidiary to A. Jones and Sons, its 100 per cent owned Eastbourne-based main retailing operation.

Ellen, acquired by Church in 1978, has 15 shops in the London area and has retained headquarters in Leyton. This will now close, with about 20 staff redundancies. Mr N. F. Prentice, Ellen's managing director, will join A. Jones in their Eastbourne head office as a board director.

The changes will be accompanied by a capital reorganisation within the Church group. The parent company will sell the equity of Ellen to A. Jones for a total consideration of £1.2m Ellen has a net book value of £1.65m at the end of 1980 and made pre-tax profits of £123,415 during 1980.

Canada's Teck well positioned for growth

CANADA'S Teck Corporation is in a good position for continued growth, according to Dr Norman B. Keevil, the chairman.

He told shareholders in his annual statement that earnings will improve as metal prices recover to more realistic levels, and last year's work on developing new mines will broaden the company's range of commodities and strengthen profits.

Dr Keevil went on to say that he believes there is cause for confidence that metal prices will begin to recover in the near future, and pointed out that in real terms, the copper price is currently at its lowest since 1946.

He expects the increase in the price of copper to be "substantial and sustained," because reported stocks of the metal are at a low level, unlike the last low point in the price cycle.

Teck's performance is heavily dependent on the copper price. This is illustrated by the fact that an increase of 15 U.S. cents per pound would boost the company's cash flow by around C$14m (£6.2m).

Net earnings in the year ended September 30 were C$11.9m before extraordinary items, but after the inclusion of gains on the sale of investments this figure rose to C$52.6m.

Teck has been carrying out a programme designed to reduce its debt, which fell by C$143m during the year.

Freddies static midway

A SMALL rise in net profits has enabled Free State Development and Investment ("Freddies") to maintain its interim dividend for the six months to end-December 1981 at 15 cents (8.2p) a share.

The company, a South African mining finance house of modest size within the Johannesburg Consolidated Investment group, returned net profits of R1.14m (£626,000), slightly ahead of the R1.09m for the first half of the previous year.

Freddies paid a final dividend last year of 32.5 cents, to give a total of 47.5 cents from net profits of R3.63m.

The directors give the customary warning that no conclusions should be drawn from these results as to the likely outcome for the full year, as investment income does not necessarily accrue evenly throughout the year.

Net asset value per share at January 14 is shown as 671 cents (369p), against a share price in London yesterday of 235p.

epic Estates Property Investment Company Limited

Interim Report for the 6 months ended 31st October 1981

	6 months to 31st Oct. 1981 (Unaudited) £'000	6 months to 31st Oct. 1980 (Unaudited) £'000	Year to 30th April 1981 £'000
Rents Receivable	1,779	1,633	3,378
Net Property Income	1,630	1,507	3,124
Interest Receivable	82	114	232
	1,712	1,621	3,356
Ground Rents Payable	197	84	261
	1,515	1,537	3,095
Interest Charges	264	316	603
Income before Taxation	1,251	1,221	2,496
Taxation	436	390	865
Income after Taxation	815	831	1,624
Group Surplus available for Distribution	815	831	1,624
Dividends	(2.75p) 329	(2.75p) 329	(6.25p) 1,354

NOTES:

(1) Interest for the 6 months to 31st October 1981 attributable to properties in course of development, amounting to £134,000 (1980 — £88,000) has been excluded from the above figures and charged to the properties in course of development.

(2) The interim dividend of 2.75p in respect of the year ended 30th April 1982 will be paid on 2nd April 1982 to those shareholders registered on 5th March 1982.

19th January, 1982.

Honeywell likely to cut stake in Cii

By Our Financial Staff

HONEYWELL, the U.S. computer group, has confirmed that it is likely to cut its holding in Cii-Honeywell Bull, its 47 per cent-owned French affiliate, to 19 per cent or less. The confirmation came as Honeywell announced a 21 per cent drop in final quarter results, mainly because of continuing losses at Cii.

Operating earnings in its final quarter were down from $130.2m, or $5.79 a share, to $102.6m, or $4.46 a share, for an annual total of $256.3m against $276.3m. Annual per share profits were $11.25 compared with $12.36 and Mr Edson Spencer, Honeywell's chairman, said Cii reduced earnings by 61 cents a share for the year; in 1980 it added $1.45 a share to profits.

The per share figure includes a foreign exchange gain of $3.60, against only 78 cents.

Revenues for 1981 totalled $5.35bn compared with $4.92bn, with the final quarter adding $1.57bn against $1.44bn.

Mr Spencer's statement on its plans for Cii represents the first concrete sign that Honeywell, after months of negotiations, is to reduce its stake in Cii, which with the Thomson electronics group is earmarked as one of the cores for the French computer industry.

Mr Spencer gave no details of how the reduction would be achieved, but in the recent talks the prospect of Honeywell receiving compensation of between $230m and $270m for its stake has been raised, as has the idea of the French Government reducing Honeywell's holding through exclusive rights issues.

The French Government has all along been keen to maintain the technological links between Honeywell and the French computer industry, although with the prospect of continuing losses at Cii, Honeywell would be pleased not to have to include the Cii results on an equity accounting basis.

Building slump hits U.S. Home earnings

BY OUR NEW YORK STAFF

U.S. HOME, the largest builder of private homes in the U.S., is bearing the brunt of the drawn-out slump in the U.S. housing market. Last year's earnings were down to a quarter of those achieved in 1980.

But the drop was not accounted for so much by lower sales as by the company's policy of offering below market financing to stimulate sales. The practice of mortgage subsidy has become widespread because of the high rates—17 per cent or more—demanded by banks and savings institutions.

Net earnings for the year were $10m, down from $44.3m in 1980. Revenue was $982.2m, down from $1.1bn.

New Homes delivered last year were down 10 per cent, and new orders fell by nearly 6 per cent. Orders showed a jump in the final quarter, but U.S. Home said this was the result of mortgage subsidy operations rather than an upturn in the market.

U.S. Home, which earns virtually all its profits from the sale of single family homes, has three-quarters of its operations in the faster growing southern and south-western states. In October last year, the group announced that it was reducing the number of its housing communities by 11 per cent and had laid off 20 per cent of its workers over the previous six months.

However, the long-term outlook is strengthened by expectations of further increases in demand for housing in the U.S.

Societe des Maisons PHENIX, the largest housebuilder in France, has a 17.5 per cent stake in U.S. Home.

General Foods optimistic despite nine-month setback

BY OUR FINANCIAL STAFF

EARNINGS at General Foods are sharply lower at the nine-month stage. However, the company, which dominates the processed coffee market in the U.S. with its Maxwell House brand and has a major role in packaged foods, is confident that "despite problems in the economy," it can register some gains in earnings in fiscal 1982.

Operating net for the nine months was 18 per cent down at $159.7m or $3.22 a share, although sales were up from $4.92bn to $6.5bn. The nine-month total excludes a 25 cent a share loss on discontinued operations.

Trading evidently improved somewhat in the third quarter, since operating net showed an 11 per cent fall compared with around 15 per cent in the opening six months of the year. Sales remained strong in the third quarter, totalling $2.12bn against $1.59bn.

A substantial part of the increase in group sales has been ascribed to the inclusion of Oscar Mayer, the leading meat processor, acquired in May 1981.

General Foods said volume trends in the U.S. had responded encouragingly and were up from last year, although economic problems had reduced some of the expected benefits expected in the packaged convenience food business.

About one-third of group sales but less than one-fifth of operating income, came in 1980 from international operations, from which further progress is expected this year.

Earnings have in recent years suffered from the volatility of coffee prices. This side of the business represented 41 per cent of group sales last year but only 29 per cent of profits, compared with the packaged food division, which served up 62 per cent of profits from 46 per cent of sales.

Digital Equipment lifts profit by 42%

By Our Financial Staff

DIGITAL EQUIPMENT, the leading U.S. minicomputer maker, pushed up net earnings by 42 per cent in its second quarter from $68.98m to $99.09m on sales ahead by 27 per cent from $762.3m to $965.8m.

The company remains concerned about the continued moderation in the pace of growth in its business and is cautious about the levels for the coming few quarters.

For its first quarter, Digital recorded profits growth of 58 per cent and, with the slower rate of increase for the latest period, half year net earnings were ahead by 49 per cent from $126.18m to $187.88m. Sales for the half year were 27.5 per cent higher at $1.81bn against $1.42bn.

At the per share level half-year profits came out at $3.39 compared with $2.60 after the second quarter contribution rose from $1.43 to $1.79. The company, which also ranks as one of the leading U.S. makers of computers and peripheral equipment, intends to continue to emphasise cost controls and limits on hiring in the next several quarters.

However it is to keep up its high level of research and engineering spending, with the total expected to reach 8 per cent of sales, which are likely to be approaching $4bn for the year.

It also intends outlaying $500m on capital spending, up by a quarter from last year.

Zero coupon bonds from Du Pont, Penney

By Alan Friedman

A TOTAL of $600m-worth of zero coupon Eurodollar bonds was launched yesterday as the market gained ½ point on the day. As six-month Eurodollar deposit rates fell 1/16 per cent to 15 1/16 per cent, the Eurobond markets followed New York's recovery.

The new zero coupon paper came in two issues: The first was a $300m eight-year offer for Du Pont Overseas Capital priced at 33.9 per cent to yield 14.48 per cent and managed by Morgan Stanley and Nikko Securities. The second was also for $300m, a 12-year issue for J. C. Penney Global Finance priced at 18.5 to yield 15.10 per cent.

The actual amount of funds to be raised by these zero coupon bonds is $157.2m, of which $101.7m will go to Du Pont and $55.5m to J. C. Penney.

The J. C. Penney issue, managed by Credit Suisse First Boston, was said to be attracting interest in West Germany and Switzerland, though less in Japan, where other recent zero coupon offers have been finding a home.

Meanwhile, in the fixed interest Eurodollar market, the $50 seven-year 16½ per cent Arizona Public Service issue sold out last night, according to lead-manager CSFB. This is not surprising since the issue is so far the only fixed-interest deal of the year and the market is hungry for such paper, provided the coupon is pitched high enough.

The Arizona paper was trading at a discount of around 1½ in the grey market. There were rumours last night that it might be increased by $10m. There is none the less nothing spectacular about this issue, which carries a yield similar to recent Arizona paper.

In the convertible sector a $15m 15-year private placing is being arranged for Nichimen, a Japanese trading group. The indicated coupon is 5½ per cent and managers are Daiwa Securities and Sanwa Bank.

The Euro D-Mark sector yesterday saw the launch of a DM 150m eight-year issue for Pemex, the Mexican state energy concern. The coupon came in at 11 per cent, as projected by a number of German traders suspicious of the Mexican name. Lead-manager is Commerzbank. The Pemex paper is expected to attract a lot of German retail investors because of its coupon. Institutions in Germany are said to be staying away from this issue.

The Euro D-Mark sector was quiet last night as prices rose ¼ point on the day. Investors are still taking a wait-and-see approach.

Prices in the Swiss franc foreign bend market were unchanged in quiet trading.

U.S. QUARTERLIES

CROSS & TRECKER	1981-82	1980-81
First quarter	$	$
Revenue	96.5m	95.4m
Net profits	9.54m	9.09m
Net per share	0.07	0.73

DIAMOND SHAMROCK	1981	1980
Fourth quarter	$	$
Revenue	872.5m	848.7m
Net profits	59.7m	47.2m
Net per share	0.96	0.75
Year		
Revenue	3.39bn	3.15bn
Net profits	121.2m	208.4m
Net per share	1.94	3.40

Final quarter boost for U.S. banks

BY DAVID LASCELLES IN NEW YORK

LARGE U.S. banks reported healthy fourth quarter earnings yesterday, confirming that 1981 ended on an upbeat note for the U.S. banking industry, although loan charge-offs were higher, presumably because of the doubtful quality of loans to countries like Poland and U.S. companies suffering from the recession.

Citicorp, the largest banking group in the U.S., more than doubled its earnings before securities transactions, from $96m to $317m, although this included a $41m gain from an equity-for-debt swap. Higher net interest revenue was the main contributor to earnings—a common pattern as U.S. bank funding costs fell sharply towards the end of last year while the prime rate fell more slowly.

This left Citicorp with a 9 per cent earnings gain for the whole of 1981, reversing the down-trend in 1980. Citicorp has been busy restructuring its balance sheet and reducing its risk exposure to achieve healthier earnings growth. This meant that its overall asset growth was slower last year, only 4 per cent to $119bn.

Citicorp also reported strong growth in fees and commissions from non-lending related business, notably foreign exchange activities which reached $265m, up from $101m in 1980.

Manufacturers Hanover, the fourth largest U.S. bank, earned $70.9m before securities transactions, or $2.09 a share, compared with $59.5m, or $1.78, in the same period of 1980. Earnings for the full year were $256.5m, or $7.61 a share, up from $230.2m, or $6.91 in 1980.

Bankers Trust, the eighth largest U.S. bank, earned $57m, or $2.05 a share, in the fourth quarter, an increase of 40 per cent from the $40.8m, or $1.52, profits achieved in the same quarter of 1980. For the full year, earnings before securities transactions were $192.2m, up 6 per cent on the $180.9m earned in 1980.

Mr Alfred Brittain, Bankers Trust chairman, attributed the final quarter advance to higher net interest income, increased trading profits, higher fees and commissions, and lower credit loss provision. But he added that operating expenses had increased.

Bankers Trust's non-performing assets at the end of 1981 were $494m, up from $421m the year before. The bank said this was because of the inclusion of loans "to a multinational company and to certain foreign countries," which it did not name. However, analysts believe the company is International Harvester, the Chicago transport equipment maker which is seeking new terms for more than $4bn of bank debt. Poland and Costa Rica are among countries whose debts U.S. banks are reclassifying.

First Chicago, Chicago's second largest bank which is fighting its way back to financial health after the setback of 1979-80, showed a sharp jump in earnings for both the final 1981 quarter and the full year. But the size of the increase reflected partly the fact that last year's figures were deeply depressed by the large write-offs the bank was taking to rebuild its balance sheet.

Net income in the fourth quarter before securities transactions was $35.4m or 91 cents a share, up from $12.1m or 31 cents in the same period a year before. For the whole of 1981, First Chicago earned $122.1m or $3.06, up from $66.1m or $1.67.

Securities transactions prevent net loss at First Pennsylvania

BY OUR FINANCIAL STAFF

FIRST PENNSYLVANIA Corporation has continued into loss in its final quarter leaving the Philadelphia based bank holding company in the red for 1981.

First Penn, parent of the oldest bank in the U.S. and which is the largest in Philadelphia, received a $1.5bn aid package in May 1980 to help save it from a liquidity crisis brought on by a mismatching of its fixed rate assets and variable rate liabilities. It has at best been only marginally profitable since as it has battled to restore order to its finances and returned to the red in its third quarter.

For the latest quarter it incurred an operating loss of $6.1m compared with the $45.4m deficit in 1980, which left it with a $5.2m loss for the year against the $73.6m loss in the previous year.

However, after securities transactions it was $300,000 in the black for the year, while for the quarter the loss was unchanged at the net level.

For the year the per share net profit was 2 cents compare with the $10.47 loss previously, with the closing three months contributing a loss of 38 cents a share against $2.91.

● Security Pacific, holding company for the second largest bank in California and the tenth largest in the U.S., saw its profits before securities transactions climb only modestly from $49.9m to $53.6m in its final quarter, leaving the annual total ahead from $181.9m to $207.2m. Per share profits for the year totalled $7.08 against $6.57, with an unchanged $1.80 coming in the final three months.

After securities transactions the quarterly net contribution was unchanged although for the year net profits were $700,000 lower compared with $600,000 last time. Per share annual net profits were $7.05 against $6.55.

German Ford steps up production

By Kevin Done in Frankfurt

FORD-WERKE, the West German subsidiary of Ford of the U.S., has staged a determined recovery following its disastrous year in 1980 and achieved a 13.9 per cent increase in production last year to 734,250 vehicles.

Sales rose by 10.3 per cent to 774,360 vehicles, with the major boost coming from the success of the new Escort, introduced in the autumn of 1980.

Last year the Escort was Ford's most popular model selling 276,140 units compared with 133,294 in 1980. In West Germany itself aggressive and expensive marketing campaigns, particularly in the first six months, enabled Ford to increase its new registrations by 10 per cent to 267,000.

Ford raised its share of the domestic German car market to 11.8 per cent compared with 10.3 per cent in 1980. Vehicle exports rose by 12.5 per cent to 501,800, representing 64.8 per cent of total production, against 63.6 per cent a year earlier.

Following the redundancies of 1980 the Ford workforce remained fairly stable last year and totalled 49,388 at the end of December, compared with 49,767 a year earlier.

After slumping to a loss of DM 462.8m in 1980 when production fell by a quarter, Ford expected to have at least broken even last year.

Shareholder changes at Italian bank

BY RUPERT CORNWELL IN ROME

TWO IMPORTANT changes are understood to have taken place in the ranks of the major shareholders of Banco Ambrosiano, the largest privately owned Italian banking group which is controlled by the controversial financier Sig Roberto Calvi.

It has been confirmed that Sig Orazio Bagnasco, owner of the Interprogramme/Europrogramme Property leasing concern and of the Ciga luxury hotels group has acquired a holding of up to 2 per cent, similar to that taken three months ago by Sig Carlo de Benedetti, chief executive of Olivetti.

Meanwhile, it has been reported that Istituto per le Opere di Religione (IOR)—effectively the Vaticans bank—has disposed of its own minority interest, variously estimated at up to 5 per cent of Ambrosianos equity.

Sig Bagnasco, one of the emerging luminaries of the Milanese financial establishment, is currently embroiled in an extended fight with trade unions over his plans to reduce the total workforce at Ciga by 600 over the next few months, as part of his drive to put the group back onto a sound footing. Under this strategy, the hotel concern recently lifted its capital to L37.8bn ($30.7m) from the previous L14bn.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday February 16. Closing prices on January 19

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Anheuser-Busch 16½ 88	100	101½	102¼	+0⅛	0	15.95
APS Fin. Co. 17¾ 86	[illegible]	[illegible]	[illegible]	0	−0⅛	16.10
Armco O/S Fin. 15⅞ 88	50	98⅜	98⅞	+0⅛	−0⅛	15.84
Bank Montreal 16¼ 91	100	99⅜	99⅞	+0⅛	−0⅛	16.30
Br. Colum. Hyd. 16¼ 88	100	100⅜	100⅞	0	−0⅛	16.04
Br. Colum. Mis. 17 97	54	103	103½	+0½	−0⅛	16.37
Can. Nat. Rail 14¾ 91	100	92⅞	93⅜	+0⅛	−1⅛	16.14
Caterpillar Fin. 16½ 86	100	101⅞	102⅜	0	−0⅛	15.96
CFMP 16⅞ 96	100	101½	102	+0⅛	−0⅛	16.40
CIBC 16¼ 91	100	100⅜	101⅛	+0⅛	−0⅛	16.51
Citicorp O/S 16¼ 86	150	103	103½	+0⅛	+0⅛	15.66
Cities Service 17 88	150	104⅝	104⅞	+0⅛	+0⅛	15.79
Cons. Bathurst 17½ 88	60	102⅝	103⅛	+0⅛	0	16.85
CPC Fin. 16¾ 88	50	104⅛	104⅝	+0⅛	−0⅛	15.21
Dupont O/S 14½ 88	400	96⅛	96⅝	+0⅛	+0⅛	15.33
EIB 16½ 88	100	100⅛	101½	0	−0⅛	16.36
EIB 16¾ 91	100	100⅜	101⅛	+0⅛	−0⅛	16.52
GMAC O/S Fin. 16½ 84	300	101½	101	+0⅛	+0⅛	16.05
Gulf States O/S 17½ 88	60	103⅛	103⅞	+0⅛	+0⅛	16.49
Nat. Bk. Canada 16½ 88	40	100	100½	0	−0⅛	17.09
Nat. West. 14¼ 91	100	94⅞	95⅛	−0⅛	−1⅛	15.73
New Brunswick 17 88	60	103⅞	104⅛	+0⅛	+0⅛	15.89
Newfoundland 17¾ 89	60	106	106½	+0⅛	−0⅛	15.73
New & Lab. Hy. 17¾ 89	75	103⅛	103⅞	+0⅛	+0⅛	10.35
Ohio Edison Fin. 17½ 88	75	102⅞	103⅛	+0⅛	−0⅛	16.66
OKG 15¾ 97	50	97⅛	97⅝	+0⅛	+0⅛	16.17
Ontario Hyd. 16 91 (N)	200	99⅜	99⅞	+0⅛	−0⅛	10.07
Pac. Gas & El. 15¾ 89	[illegible]	101½	101⅞	−0⅛	−0⅛	15.35
Quebec Hydro. 17¾ 91	[illegible]	103⅜	103⅞	+0⅛	−1⅛	18.45
Quebec Province 16¾ 89	[illegible]	96⅛	96⅝	−0⅛	−1⅛	16.07
Saskatchewan 16¾ 88	[illegible]	100	100½	0	+0⅛	16.14
Shell Canada 16½ 91	100	99⅝	100⅛	+0⅛	−0⅛	15.70
Statsforetag 15¾ 87	50	98½	99	+1	+0⅛	16.13
Sweden 14¼ 88	150	92⅛	92⅝	+0⅛	−0⅛	16.33
Swed. Ex. Cred. 16½ 88	75	101⅛	101⅝	+0⅛	−0⅛	16.15
Tenneco Int. 17 89	100	103½	104	+0⅛	+0⅛	16.06
Texas Eastern 15⅞ 88	75	99⅛	99⅝	+0⅛	0	15.98
Transcanada 17¾ 88	75	105⅝	106⅛	+0⅛	+0⅛	16.17
Transcanada 16 89	100	99⅜	100⅛	+0⅛	+0⅛	16.00
Walt Disney 15¾ 8[illegible]	100	100⅛	101	+0⅛	−0⅛	15.43
Winnipeg 17 86	50	102⅝	102⅞	+0⅛	−0⅛	16.13
WMC Fin. 15½ 85	50	96½	97	+0⅛	+0½	16.29
World Bank 16 88	80	99⅜	99⅞	+0⅛	−0½	10.03
World Bank 16½ [illegible]8	130	101⅛	102⅛	+0⅛	−0⅛	15.82
World Bank 16 [illegible]8	100	100⅜	100⅞	+0⅛	−1	16.31

Average price changes... On day +0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	99	99⅝	+0⅛	−0⅛	10.09
Asian Dev. Bank 10¾ 88	100	101⅛	102⅛	+0⅛	+0⅛	10.39
Australia 9⅝ [illegible]	300	99	99½	+0⅛	+0⅛	9.49
Belgelectric [illegible] 91	100	101⅛	101⅝	0	−0⅛	10.72
CECA 10 91	120	101⅛	101⅞	0	−0⅛	9.74
Coun. of Europe 10 91	100	100	100⅝	−0⅛	+0⅛	8.92
Coun. of Europe 10¼ 91	100	100⅜	101⅛	−0⅛	+0⅛	10.11
EEC 10¼ 9[illegible]	100	100	100½	−0⅛	−0⅛	10.07
EIB 8½ 9[illegible]	200	91⅞	92⅝	+0⅛	−0⅛	9.85
EIB 10½ [illegible]	200	102	102⅝	+0⅛	−0⅛	10.08
Finland, Rep. of 10½ 86	100	99⅝	100⅛	0	−0⅛	10.41
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price. † Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

US MANAGEMENT RESHUFFLE

Renault tightens grip on AMC

BY TERRY DODSWORTH IN PARIS

LITTLE BY little, Renault of France is moving into a position where it pulls more and more of the strings at American Motors (AMC), the small car and Jeep manufacturer.

Following this week's top management reshuffle, M Jose Dedeurwaerder, one of Renault's recognised high fliers, has emerged as managing director and effective number two in the American group. His job will be to mastermind the introduction of a Renault-designed car in the U.S., using Renault-planned production lines, many Renault supplied machine tools, and some Renault funds.

With the French company also owning 47 per cent of AMC's equity, the change looks like just another step in the steady process towards full French colonisation of the American company.

Renault itself, however, is playing the whole affair with a very low profile. AMC, says the French nationalised group, remains an American concern, managed mainly by Americans. Mr Gerald Meyers, whose resignation as chairman caused the reorganisation, went of his own accord. There is no intention to manage AMC from Paris, and no plan to raise the French stake in the U.S. company.

This discretion derives from the French group's strategy of using the basic American Motors organisational structure to establish itself in North America.

Renault moved in on AMC primarily because of the U.S. group's "Americanism." It wanted a ready-made partner in North America which knew the market, had a sales network (about 2,200 outlets), and a feel for what Americans wanted in their cars. Thus the aim is for a gradual change as Renault grafts its own methods on to those of AMC.

It is not difficult to find critics of these tactics. Some competitors think Renault would have done better to take the plunge, like Volkswagen, with a North American operation entirely under its own management and control. Many are sceptical about the worth of AMC, which lost $198m in 1980, may have lost another $100m last year, and could, it is reckoned, drain further funds out of the French company. Renault has already spent, or will be spending, around $350m on AMC.

NET PROFITS OF AMC $m

1971	6
1972	16
1973	45
1974	28
1975	†28
1976	†46
1977	3
1978	24
1979	68
1980	†198

† Loss

Renault's response to these attacks will begin to be felt later this year. In June, the American version of the R9, Europe's car of the year, will begin to roll off the AMC production lines. By December, the plan is to be producing about 600 vehicles a day at the AMC plant at Kenosha, running up to 800 in 1983. With an output in this range—between 150,000 and 200,000 a year—AMC's production will bound up from 110,000 last year and Renault's sales, if all goes well, will also rise from their present lowly level of 30,000.

By producing in the U.S., while reaping the advantages of selling in the world's two largest markets, Renault is hoping to get the AMC R9 into the salesrooms in America at around the same price as the Ford Escort—a car planned on a similar two-continent basis. The cost to AMC is calculated at between $300m and $350m, financed from its own resources and local banks.

The R9, a small car by traditional American standards, highly economical, and made on Renault-conceived robotised production lines, is an enormously important mode for the French company. If it fails, a substantial part of Renault's American dream collapses with it. If it succeeds, it will be a springboard for a rapid expansion of the Renault/AMC links, which include a new $300m Jeep range planned for introduction during 1983-1984.

M Dedeurwaerder's role in all this is for the moment at least to make sure that American R9 comes through its launch period as smoothly as possible. After bringing the car into production in France at the Douai plant on revolutionary automated production line, he is not being asked to do the same thing at Kenosha.

Whether that means that he, or some of the 30 or so French technicians now working in the U.S., may eventually entirely colonise the American group remains a matter for speculation. Renault maintains that it's original concept of a two-way collaboration remains well on course: it is currently gearing up, for example, to sell the new range of economical Jeeps in Europe.

But it is difficult to see how, over the long term, the much larger French group can avoid becoming the driving partner in the relationship.

The disparity between the two is best measured in the production figures, with AMC's 110,000 vehicles of last year amounting to only 6 per cent of Renault's total output. Yet in addition to that difference, most of the flow of materials is one way at the moment, with the French company aiming to sell more cars in North America (including the R18 diesel and the Fuego injection and turbo models), as well as mechanical parts in the U.S. version of the R9.

It is calculated, for example, that up to 50 per cent of the main components in the new car will be exported from France, while at least FFr 400m ($69m) worth of its own machine tools have also been supplied to the U.S. AMC has already become the sort of investment that has to be controlled very closely, even more so at a time when French taxpayers are likely to become particularly sensitive to the doings of the nationalised sector.

Bankers consider bankruptcy for Ogem

BY CHARLES BATCHELOR IN AMSTERDAM

THE BANKING consortium which has provided a financial package for the rescue of the Dutch conglomerate Ogem is to review the company's future. It may file for bankruptcy later this week.

The six Dutch and 15 foreign banks, which agreed in 1980 to provide a financial "umbrella" while Ogem carried out a restructuring, will meet company and Government representatives on Friday to discuss a solution to its continuing problems. Ogem's efforts to sell large parts of its trading and industrial empire have met with only partial success.

The banking consortium, which is led by Algemene Bank Nederland (ABN), Amsterdam-Rotterdam Bank, and Bank of America, are considering how to limit the damage of a possible bankruptcy. Ogem comprises companies with both good and poor prospects. It is questionable whether bankruptcy is the best solution for the group as a whole, said Mr Hargert Langman, a managing board member of ABN.

Ogem's bankers provided Fl 630m ($250m) credit for a two-year period in 1980. Last year the State-backed National Investment Bank provided a further Fl 75m in loans, and the banks extended their credit to January 1984.

In return for this support Ogem agreed to dispose of activities with a net asset value of Fl 400m. In 1980 it sold assets worth Fl 133m, slightly less than its Fl 150m target. Last year it sold considerably less than the Fl 150m annual disposal target.

The slow pace of disposals has prompted Ogem to put two large trading subsidiaries up for sale. They are the Stokvis Group and the New African Trading Company (NAHV), with between them a turnover of Fl 1.05bn and a workforce of 3,460.

The company has transferred considerable powers to its bankers in return for credit and ABN carries out a monthly review of the company's creditor and stock position. At a stormy shareholders' meeting last May, Ogem revealed that it had transferred control of some of its subsidiaries to its bankers.

Ogem, which began as an electricity utility in the Dutch colonies, developed trading, engineering, metals processing and installation interests in the 1950s. It later developed construction activities but the rapid rate of expansion overstretched the company's management resources and it went into the red in 1979.

It incurred a net loss of Fl 118.5m in 1980. First half losses in 1981 totalled Fl 11.6m.

Bulova Watch plans big reduction in workforce

BY JOHN WICKS IN ZURICH

BULOVA WATCH, a Swiss subsidiary of Loews Corporation, the diversified U.S. industrial group, plans to cut its workforce from 700 to 300 over the next year or so.

The cuts will take place gradually up to 1983, but some 300 people will lose their jobs by this summer, the company said yesterday. It will cease production of watch movements and will in the future buy components, mostly from the Swiss company, Ebauches, which is part of the Asuag group.

Bulova said the contraction had been forced on the company as a direct result of competition from the Far East. Its recent trading record has been poor.

In 1980 Bulova contributed only 0.7 per cent of Loews' net operating profit of $222m despite a sales contribution of almost 5 per cent, which made the watch company the fifth largest division within Loews in terms of turnover.

Bulova will continue the mounting of movements into cases, quality control activities, and a "limited amount" of movement assembly.

The co-operation between Bulova and Asuag is seen as enabling the Swiss watch industry to retain its position in U.S. markets. The link with Asuag will also cover marketing and Swiss design.

Wessanen may expand in Malaysia

By Our Financial Staff

WESSANEN NEDERLAND may move part of its palm oil refining factory and activities currently in the Netherlands to Malaysia, Mr K. K. Verveide, the managing director, said so as to enable it to concentrate on more sophisticated activities such as the production of cocoa butter substitutes.

The company already has two palm oil projects in Malaysia. One is a wholly-Wessanen-owned trading company called Friwessa and the other a joint venture company with Dunlop and Timuran of Malaysia, called Segemat Edible Oils, in which Wessen has a 25 per cent interest.

Mr Vervelda said demand for cocoa butter substitutes would increase, as cocoa fats were expensive. Palm Oil was cheaper and world demand for vegetable oils was increasing, particularly in the Middle East.

Elektro-Finanz accepts U.S. bid

By Our Zurich Correspondent

THE ACQUISITION of the Swiss Elektro-Finanz company by the Essex Group subsidiary of United Technologies of the U.S. will create the world's largest independent producer of electrical wires, cables and insulation materials, according to United Technologies.

Joint annual sales of Essex and Elektro-Finanz would approach $1bn.

Over 99.9 per cent of the shareholders of Elektro-Fluanz have accepted the $67m cash and notes bid made through Essex Isola a special affiliate.

Essex is hoping to benefit from the experience of the Elektro-finanz subsidiary Isola-Werke, particularly in the field of insulation technology. In turn Essex will provide the Swiss subsidiary with technical support in the wire production and treating sectors and allied operations.

National Steel acquisition

BY GILES MERRITT IN BRUSSELS

NATIONAL STEEL, one of the leading U.S. steelmakers, has acquired control of International Metals the Luxembourg-based raw materiala trading and processing group.

The move is understood to be part of National Steel's current broadening of its operations to include raw materials and financial services, together with aluminium production and steel fabrications.

International Metals has concentrated on processing and trading raw materials for the steel and chemical industries since it was established in 1959 by American interests. The raw materials dealt in include ores, minerals, ferro-alloys, metals and refractories.

Singapore Airlines is re-equipping in the face of recession. Kevin Rafferty reports.

SIA sets $1.8bn growth course

MR J. Y. M. PILLAY, chairman of Singapore Airlines, admits that the company's decision to buy new jet aircraft worth U.S.$1.8bn is its biggest gamble, and that in strictly financial terms it might be better to continue with its existing fleet. He justifies the purchase as an investment in Singapore Airlines' continuing pursuit of excellence.

"Between 1982 and 1985 we would undoubtedly be better off financially with the existing aircraft," Mr Pillay says. "There would be far fewer headaches. But it would certainly detract from our reputation as a progressive airline trying to offer the customer the best. And come the latter half of the 1980s there would be major problems. The decision was put to the board and the overwhelming consensus was that it was a big risk financially, but to preserve our reputation in the future we had to go ahead with the purchases."

The expansion of SIA's fleet is smaller than the new aircraft orders might suggest. The airline is to buy eight Boeing 747s with stretched upper decks and has options on two more. It has also ordered six Airbus A 300s with options on two Airbus A 310s.

However, the net addition to the fleet will be only two aircraft, as SIA is to sell its four remaining DC-10s, its four Boeing 727s and its four oldest Boeing 747s, powered by the less fuel-efficient Pratt and Whitney JT9D-7A engines. In terms of seat capacity SIA will be able to offer an additional 10 per cent a year between now and the mid-1980s.

By that time, the airline will have a modern fleet consisting of 12 Airbuses for its short- and medium-haul routes and 20 Boeing 747s for the long-haul sectors. The Boeings already in the fleet are powered by Pratt and Whitney JT9D-7Q engines and the new ones will have even more fuel-efficient Pratt and Whitney JT9D-7R4G2 or Rolls-Royce RB211-524D4 engines. The decision on the engine order, with spares worth $160m, will be taken by next month.

Even so the financial burden of buying new aircraft is considerable. Sale of the older aircraft may yield $500m up to 1985, and Mr Pillay calculates that SIA will not have to borrow to pay for its new aircraft. But it will almost certainly have to borrow to meet other debts, which total about S$3bn (U.S.$1.4bn), of which S$2bn falls due over the next five years.

SIA has soared into the top league of airline companies over the past few years, with revenues reaching S$2.3bn (U.S.$1.1bn). Yet the chairman works only three days a week at SIA—when the piped music tends to be classical.

The rest of his time is spent at the Development Bank of Singapore, of which he is chairman, and at the Finance Ministry, where he is Permanent Secretary in charge of revenue. Mr Pillay takes the lead in setting SIA's strategy, leaving day to day matters to Mr Lim Chin Beng, the airline's managing director.

> Singapore Airlines believes the maintenance of its reputation for quality is worth the risks involved in its heavy spending on new aircraft

Mr Pillay has laid down a corporate motto for the airline. "We aim to provide the best service the airline industry is capable of at the lowest cost to us."

In common with other Asian airlines, it has refused to join the International Air Transport Association, the airlines' cartel. "IATA tried to regulate even the sizes of the sandwiches we could offer," says Mr Pillay. The Asian carriers, with their free drinks and headsets and other frills, have seen the European giants capitulate on such matters, at least within Asia.

SIA married local tradition to Western high fashion when it got Pierre Balmain to design the sarong kebaya uniforms of its stewardesses. It has tried to woo the flying public to an airline offering service that other airlines dream of.

But life in the early 1980s has become more difficult. In 1980-81 SIA managed to stay profitable, but the group's after-tax profits of S$117m and airline profits of S$94.8m were much higher than the pre-tax profit from airline operations, which was only S$18.2m. Load factor slipped to 69 per cent.

The low proportion of airline operations in profits reflects in part SIA's ettempts at diversification. In addition to immediate support services, such as airport terminal services, duty free shops and Singapore aero engine overhaul, it has hotel interests, runs an insurance company and late last year strengthened its computer operations by signing an agreement with IP Sharp Associates.

The SIA chairman admits that not all these ventures have been successful, and concedes that the hotel business was one of SIA's failures.

However, Mr Pillay claims that SIA will still be in the black this year but says it has been hit by tough competition and by the strength of the Singapore dollar, which together will make it difficult to achieve the same level of operating profits.

The airline has also faced accusations of illegal price cutting, which led to a row with West Germany when the Federal Republic's Government refused to confirm SIA's winter schedules, and to Civil Aeronautics Board hearings in the U.S. So fiercely has the airline respooded to these criticisms that some Singaporeans describe it as "squeling before it is hurt."

Mr Pillay's case is esseotially that SIA has been singled out as a scapegoat because of its success. "We would like a clean market where there is transparency of fares. We can always hold our own because we believe we have a superior product." He pleads for airlines to be allowed greater freedom to set fares.

FAI again bids for insurer

BY GRAEME JOHNSON IN SYDNEY

FAI INSURANCE of Sydney has launched a takeover bid for Mercantile Mutual Insurance, almost a year after making its first attempt to gain control of MMI.

The offer values MMI at A$35.3m (US$39.3m) but is only seen as an attempt to gain a strong minority in the company, in which Nationale Nederlanden, the Dutch insurer, has a 50 per cent stake.

Nationale Nederlanden acquired its controlling stake after FAI triggered a bid battle with QBE Insurance, part of the Burns, Philp group. FAI, headed by *Mr Larry Adler*, bid A$4 a share, but was outbid by QBE, which was in turn outbid by NN's A$6 a share offer.

Mr Adler tendered half of FAI's holding in MMI to the Dutch group's offer and with the profit from this sale has been steadily building a base from which to launch the latest offer.

FAI is currently offering A$2.18 a share, which is well below the MMI's asset backing of A$6.95 a share.

Mr Adler expects to win roughly 30 per cent of the MMI's total capital through the bid, and by the close of trading on Tuesday the company had 22.5 per cent.

Malaysian property group makes two acquisitions

BY WONG SULONG IN KUALA LUMPUR

ASSOCIATED PLASTICS Industries (API), a restructured Malaysian property company, has made two acquisitions valued at nearly 62m ringgit ($27.4m).

API said it is to take a 63.7 per cent stake in Sarawak Motor Industries through an exchange of three of its own shares valued at 2 ringgit each for four of SMI's shares. It is to purchase 18.46m shares from family interests and associates of Tan Sri Rahman Yakob, the former Chief Minister and present Governor of Sarawak, for its 62.7 per cent stake but is to extend the offer to other shareholders.

SMI has the franchise for Japanese Hino vehicles and also assembles Toyota trucks and Mitsubishi cars. It also has property development and logging interests.

The second acquisition by API is a 13.5 acre site in Johore Baru, South Malaysia, where approval has been given for nearly 400 units of flats and commercial buildings.

The land is valued at 25m ringgit and API will issue 12.5m shares at 2 ringgit each to pay for the acquisition.

The acquisitions will increase API's paid-up capital to 137m shares of one ringgit each, with a net tangible asset backing of 1.44 ringgit each. API is being traded on the Kuala Lumpur Stock Exchange at around 3 ringgit.

To reflect its new image, directors propose to change the name to Allied Properties and Industries, thereby retaining the API initials.

CSR expects downturn in annual earnings

BY JOHN WICKS IN ZURICH

EARNINGS of CSR, the Australian natural resources group, will "inevitably" decline for the current financial year ending March 31. This will follow the 45 per cent increase, to A$112.1m (U.S.$125m) for fiscal 1981, when group turnover rose by 31 per cent to A$2.93bn.

Mr Gordon Jackson, CSR general manager, attributed the expected drop particularly to continued weak prices for sugar and aluminium. The fall in the sugar price had been largely responsible for a 30 per cent decrease in the Sydney group's earnings in the half-year ended September 30.

Prospects for the group were good in the medium term, said Mr Jackson at a Zurich presentation. Top priority was the development of Delhi International Oil Corporation, acquired by CSR in November, where "significant benefits" are expected from its oil and gas activities in Australia after next year.

After the downturn in the first half of fiscal 1982, CSR has taken steps to cut costs and rationalise operations in the concrete sector and elsewhere. At the same time, an improvement in coal prices and better results from its building materials division have gone towards offsetting the effects of the poor sugar price.

Mr Jackson said that the company would welcome a "modest amount" of foreign portfolio investment but would not, however, want anything like a strategic holding in CSR by an oil company.

Swiss pharmaceutical groups strengthen their position

By John Wicks in Zurich

SWISS CHEMICAL companies are feeling justifiably pleased with the way their pharmaceutical business grew last year. In the first half of 1981, the Big Three producers—Hoffmann-La Roche, Ciba-Geigy and Sandoz—booked sales growth in this sector of between 19 and 25 per cent. Hopes that demand would keep up during the remainder of the year seem to have materialised; in the January-October period total Swiss pharmaceutical exports were nearly 16 per cent higher than for the same 10 months of 1980.

The sharp rise in the Swiss franc exchange rate recently, of course, means that the rise in turnover will have been less marked for the second half of 1981. Export markets take all but a small share of domestically-produced pharmaceuticals, while the sales of foreign subsidiaries are naturally expressed in Swiss francs in group statistics.

Despite this, pharmaceutical sales appear to have developed well in 1981. This fact is of considerable importance to the Swiss chemical industry, a good 40 per cent of whose substantial output is accounted for by pharmaceutical products.

Of the Basle-based companies, Sandoz had a pharmaceutical share in consolidated turnover of 45.6 per cent in the first half of 1981, which it feels might have increased to over 50 per cent for the year as a whole. Hoffmann-La Roche's pharmaceutical share has been falling in recent years but seems to have stabilised at around 44 per cent of group sales, even excluding the allied sector of vitamins and fine chemicals. At Ciba-Geigy, the pharmaceuticals division accounted for a good 28 per cent last year, compared with only 17-18 per cent in calendar 1979 and 1980.

LEADING SWISS PRODUCERS

	1980	1979
	Turnover in SwFr m	
Ciba-Geigy (Pharmaceutical division)	3,213	2,729
Hoffmann-La Roche (Pharmaceutical division)	2,600	2,403
Sandoz (Pharmaceutical division)	2,384	2,145
Zyma*	250	201

* Majority of shares held by Ciba-Geigy.

Apart from the above-average growth of pharmaceutical sales within the Swiss chemical industry, exports of pharmaceuticals from Switzerland last year rose much faster than those of competitor countries. This was admittedly aided by the relative weakness of the Swiss franc during the first eight months of 1981, but it does appear that the Basle companies were able to strengthen their already important position on world markets. At the same time, everything points to a healthy increase in the local sales of the Swiss companies' foreign manufacturing subsidiaries.

For all this, profits from the pharmaceutical sector are lagging far behind the growth in sales. Pills and medicines are proving less and less of a gold mine. Despite the increase in turnover, spokesman Dr Karl Bucher said at last autumn's Press day of the Swiss Society of Chemical Industries, few pharmaceutical firms were feeling particularly optimistic about their earnings prospects.

The cost of developing, producing and marketing prescription pharmaceuticals is high and rising fast. Research and development activities are particularly expensive. The Basle producers, which earmark some 15 per cent of their pharmaceutical turnover for R & D use, reckon to spend anything up to SwFr 100m ($56m) on the introduction of a new speciality, which today could take 10 or 12 years to reach the market.

There are no short cuts in research. On average, 10,000 to 15,000 substances have to be synthesised or extracted before a single new pharmaceutical is developed. With one-third of the chemical industry's payroll made up of university or college graduates in Switzerland, labour costs alone are huge—especially with Swiss inflation at a six-year high.

With raw material, energy and capital costs also running high, the Swiss companies are busy looking for ways to save money. Early last year, Roche scrapped 90 jobs in its Basle research division and decided to close its Research Institute of Marine Pharmacology in Australia, while in August Sandoz announced an 11 per cent cutback in total parent company personnel over two years.

This does not mean that the Basle companies are about to become mere figure-heads within their increasingly multinational concerns. Switzerland is still considered one of the few really desirable locations for both research and sophisticated production facilities. At the same time, though, future expansion here, as in other branches of the chemical industry, is likely to take place abroad rather than at home. This makes sense in view of the rising Swiss franc and also because of the chronic lack of manpower in Switzerland itself.

Whatever the case, there is little chance of offsetting rapidly increasing development and manufacturing costs by putting up sales prices. Not least because of growing cost pressure on the world's social security services, pharmaceutical prices are subject to a considerable degree of official control. Either through direct price restraint measures or indirectly by the encouragement of cheap replacement products, governments are making it hard if not impossible to pass on higher costs to the market.

In the first 10 months of 1981, the average price of pharmaceuticals exported from Switzerland was up by only 2.9 per cent on the corresponding period of last year. On the home market, where imports are growing fast, inflation has risen three times as fast as pharmaceutical prices in the past four years. The recent jump in the exchange rate will make it very difficult to put up Swiss franc prices in the near future.

The growing costs of development: researcher at a Roche laboratory

Switzerland's chemical companies must, regardless of cost, keep up their high level of innovation in pharmaceutical production. Pressure on prices and the erosion of patent protection mean that fewer items will remain major money spinners over a long period of time. In 1980 and apparently last year, too, new products have made an important contribution to rising turnover. All research-based manufacturers, whether the Big Three or smaller companies like Zyma or Siegfried, have interesting additions to their sales programme in the pipeline—including such important developments as Roche's pioneer work in the field of interferon processing or Ciba-Geigy's systems of transdermal dosing.

All producers are well aware of the increasing difficulties involved in registering so-called ethical pharmaceuticals — and the dangers to which products can be exposed after registration. A case in point is the "Smon" affair in Japan, where Ciba-Geigy paid some SwFr300m ($169m) in compensation, even though it never accepted the contention that its anti-diarrhoea agent Mexaform was a proven cause of the disease. Now Valium, the product which long accounted for a major share of total Roche profits, is to be investigated by the World Health Organisation following charges (albeit recently denied by the U.S. Food and Drug Administration) that it can lead to addiction.

Whatever the case, Swiss pharmaceutical producers are now beginning to build up a position outside the prescription sector. Interesting developments which could well set the scene for the future include the recent take-over of the Ex-Lax proprietary laxative line by Sandoz, or the position taken up by both Ciba-Geigy and Nestle also in the U.S. in the fast-growing contact-lens market.

New products, generated within the companies or acquired in corporate takeovers, will be instrumental in boosting the earnings of Swiss chemical companies. They certainly need it. In 1980, net consolidated profits of Roche and Sandoz equalled only 4 per cent of group turnover. In the case of Ciba-Geigy, new inflation-accounting procedures brought the return down to 2.6 per cent, but even without these the yield would have been only 4.3 per cent.

BASE LENDING RATES

A.B.N. Bank	14½%	Grindlays Bank	‡14½%
Allied Irish Bank	14½%	■ Guinness Mahon	14½%
American Express Bk.	14½%	■ Hambros Bank	14½%
Amro Bank	14½%	Heritable & Gen. Trust	14½%
Henry Ansbacher	14½%	■ Hill Samuel	§14½%
Arbuthnot Latham	14½%	C. Hoare & Co.	†14½%
Associates Cap. Corp.	15 %	Hongkong & Shanghai	14½%
Banco de Bilbao	14½%	Knowsley & Co. Ltd.	15 %
BCCI	14½%	Lloyds Bank	14½%
Bank Hapoalim BM	14½%	Mallinhall Limited	14½%
Bank Leumi (UK) plc	14½%	Edward Manson & Co.	15½%
Bank of Cyprus	14½%	Midland Bank	14½%
Bank Street Sec. Ltd.	16 %	■ Samuel Montagu	14½%
Bank of N.S.W.	14½%	■ Morgan Grenfell	14½%
Banque Belge Ltd.	14½%	National Westminster	14½%
Banque du Rhone et de la Tamise S.A.	15 %	Norwich General Trust	14½%
Barclays Bank	14½%	P. S. Refson & Co.	14½%
Beneficial Trust Ltd.	15½%	Roxburghe Guarantee	15 %
Bremar Holdings Ltd.	15½%	E. S. Schwab	14½%
Bristol & West Invest.	16 %	Slavenburg's Bank	14½%
Brit. Bank of Mid. East	14½%	Standard Chartered	‖14½%
■ Brown Shipley	15 %	Trade Dev. Bank	14½%
Canada Perm't Trust	15 %	Trustee Savings Bank	14½%
Cavendish G'ty T'st Ltd.	15½%	TCB Ltd.	14½%
Cayzer Ltd.	15 %	United Bank of Kuwait	14½%
Cedar Holdings	15 %	Whiteaway Laidlaw	15 %
■ Charterhouse Japhet	15 %	Williams & Glyn's	14½%
Choulartons	15 %	Wintrust Secs. Ltd.	14½%
Citibank Savings	¶15 %	Yorkshire Bank	14½%
Clydesdale Bank	15 %		
C. E. Coates	15 %		
Consolidated Credits	14½%		
Co-operative Bank	*14½%		
Corinthian Secs.	14½%		
The Cyprus Popular Bk.	14½%		
Duncan Lawrie	14½%		
Eagil Trust	14½%		
E.T. Trust	14½%		
First Nat. Fin. Corp.	17 %		
First Nat. Secs. Ltd.	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 12.50%, 1-month 12.75%. Short term £8,000/12 month 15.10%.
† 7-day deposits on sums of £10,000 and under 12½%, up to £50,000 13% and over £50,000 13½%.
‡ Call deposits £1,000 and over 12½%.
§ Demand deposits 12½%.
¶ 21-day deposits over £1,000 13½%.
‖ Mortgage base rate.

CURRENCIES, MONEY and GOLD — APPOINTMENTS

Sterling firm

Dollar showed an easier trend in generally featureless foreign exchange trading yesterday. Central banks continued to intervene to push down the U.S. currency, but on a smaller scale than Monday. Recessionary trends were underlined by the much smaller rise in U.S. personal income in December than November, but the dollar gained some support from the firm level of Federal funds in early New York trading.

Sterling was firm, gaining ground against major currencies, amid hopes that the miners will not vote in favour of strike action.

Belgian franc rose slightly, but remained the weakest member of the European Monetary System. The D-mark and lira finished as joint second-weakest, while the guilder was again at the top of the system.

DOLLAR — Trade-weighted index (Bank of England) fell to 108.7 from 109.1 on Monday and 111.1 six months ago. Three-month Treasury bills 12.38 per cent (14.95 per cent six months ago). Annual inflation rate 9.6 per cent (10.2 per cent previous month). — The dollar fell to DM 2.2950 from DM 2.2985 against the D-mark; to SwFr 1.8475 from SwFr 1.8490 against the Swiss franc; and to Y224.50 from Y225.40 in terms of the yen; but rose to FFr 5.8440 from FFr 5.8360 against the French franc.

STERLING — Trade-weighted index 91.5 against 91.4 at noon, 91.2 in the morning and 90.8 at the previous close (92.3 six months ago). Three-month interbank 15¼ per cent (14 7/16 per cent six months ago). Annual inflation 12 per cent (unchanged from previous month)—Sterling opened at $1.8900, and touched a low of $1.8875-1.8885 in early trading. It rose to a peak of $1.8990-1.9000 in the morning, but then moved within a narrow range of around $1.8930-1.8950, before closing at $1.8945-1.8955, a rise of 1.20 cents on the day. The pound also improved in the forward market, with the dollar moving to a discount against sterling for six-month and 12-month delivery. Sterling rose to DM 4.35 from DM 4.33; to FFr 11.0725 from FFr 10.99; to SwFr 3.5050 from SwFr 3.4825; and to Y425.50 from Y424.50.

D-MARK — EMS member (second weakest). Trade-weighted index 122.0 against 121.8 on Monday, and 116.0 six months ago. Three-month interbank 10.475 per cent (12.925 per cent six months ago). Annual inflation 6.3 per cent (6.6 per cent previous month) — The D-mark gained ground against two members of the EMS at the Frankfurt fixing, was unchanged against two, and weakened against the same number. It also improved against the Swiss franc, but fell against sterling, which was fixed at DM 4.3310, compared with DM 4.3140. The Bundesbank sold $52.15m when the dollar was fixed at DM 2.2872, down from DM 2.3070 on Monday. In the afternoon the U.S. currency rallied to DM 2.29 on speculation of a possible cut in the Bundesbank special Lombard rate from 10½ per cent this week.

ITALIAN LIRA—EMS member (third weakest). Trade-weighted index 55.4 against 55.3 on Monday, and 57.3 six months ago. Three-month interbank 21 3/16 per cent (28¼ per cent six months ago). Annual inflation 17.9 per cent (18.2 per cent previous month)—The lira rose against two members of the EMS at the Milan fixing, and declined against four. It improved against the dollar, which fell to L1,225.05 from L1,235.55.

JAPANESE YEN — Trade-weighted index 142.9, unchanged from Monday, and 139.5 six months ago. Three-month bills 6.59375 per cent (7.46875 per cent six months ago). Annual inflation 3.6 per cent (4.1 per cent previous month)—The yen improved against the dollar in featureless Tokyo trading. The U.S. currency eased to Y224.50 from Y226.65.

THE POUND SPOT AND FORWARD

Jan 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.8875-1.9000	1.8945-1.8955	0.25-0.15c pm	1.27	0.28-0.18 pm	0.48
Canada	2.2540-2.2680	2.2615-2.2625	0.10c pm-par	0.26	0.15-0.30dis	−0.40
Nethlnd.	4.73½-4.77½	4.76-4.77	1⅞-1⅝c pm	4.09	4⅞-4⅝ pm	3.88
Belgium	73.60-74.15	74.00-74.10	30-50c dis	−6.48	105-125 dis	−6.21
Denmark	14.12-14.22	14.20½-14.21½	2⅛-1⅞ore pm	1.79	4⅛-2⅞ pm	0.93
Ireland	1.2220-1.2320	1.2290-1.2310	0.25-0.37p dis	−3.02	0.99-1.16dis	−3.49
W. Ger.	4.32-4.36	4.34½-4.35½	2-1½pf pm	4.83	5-4½ pm	4.37
Portugal	125.25-126.25	125.60-125.90	30-160c dis	−8.06	120-400dis	−8.27
Spain	185.25-186.25	185.95-186.15	10-20c dis	−0.97	50-80 dis	−1.40
Italy	2,318-2,324	2,320½-2,322½	13½-16½ lire dis	−7.75	45-50 dis	−8.18
Norway	11.03-11.12	11.11-11.12	2⅝-1⅝ore pm	2.16	5⅛-4 pm	1.64
France	11.00-11.08	11.06¾-11.07¾	⅛-1⅛c dis	−0.95	3½-4½ dis	−1.44
Sweden	10.60-10.66	10.64¾-10.65¾	2⅝-1⅞ore pm	2.25	7⅝-6⅝ pm	2.57
Japan	422-427	425-426	3.30-3.00y pm	8.88	8.60-8.30 pm	7.94
Austria	30.25-30.45	30.40-30.45	16-11gro pm	5.32	41-31 pm	4.73
Switz.	3.47½-3.51½	3.50-3.51	2⅜-1⅝c pm	6.42	5½-5 pm	5.99

Belgian rate for convertible francs. Financial franc 83.60-83.70. Six-month forward dollar 0.05c pm-0.05c dis, 12-month 0.05-0.25c dis.

THE DOLLAR SPOT AND FORWARD

Jan 19	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8875-1.9000	1.8945-1.8955	0.25-0.15c pm	1.27	0.28-0.18 pm	0.48
Ireland†	1.5415-1.5470	1.5450-1.5470	0.60-0.50c pm	4.27	1.60-1.45 pm	3.94
Canada	1.1935-1.1946	1.1935-1.1940	0.09-0.12c dis	−1.05	0.26-0.29dis	−0.92
Nethlnd.	2.5025-2.5100	2.5080-2.5090	0.70-0.60c pm	3.11	2.25-2.15 pm	3.51
Belgium	38.95-39.11	39.09-39.11	25-30c dis	−8.47	67-72 dis	−7.14
Denmark	7.4610-7.4825	7.4770-7.4800	0.30-0.05ore pm	0.28	0.40pm-0.10d	0.08
W. Ger.	2.2800-2.2960	2.2945-2.2965	0.70-0.65pf pm	3.53	2.30-2.25 pm	3.66
Portugal	66.30-66.60	66.30-66.50	25-90c dis	−10.39	75-220 dis	−8.88
Spain	98.05-98.25	98.10-98.15	20-30c dis	−3.06	50-65 dis	−2.34
Italy	1,223-1,228	1,227-1,228	8¼-9¼ lire dis	−8.57	25-27 dis	−8.49
Norway	5.8310-5.8850	5.8560-5.8610	0.90-0.50ore pm	1.43	1.30-0.90 pm	0.75
France	5.8020-5.8465	5.8415-5.8465	0.90-1.05c dis	−2.01	2.80-3.10dis	−2.03
Sweden	5.6050-5.6220	5.6190-5.6220	0.60-0.40ore pm	1.07	2.90-2.65 pm	1.97
Japan	223.75-224.75	224.45-224.55	1.55-1.40y pm	7.88	4.35-4.20 pm	7.62
Austria	16.00-16.07	16.03¼-16.04¼	6½-5¼gro pm	4.39	18½-15½ pm	4.24
Switz.	1.8330-1.8500	1.8470-1.8480	0.96-0.86c pm	3.91	2.61-2.51 pm	3.54

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 19	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.5	−32.5
U.S. dollar	108.7	+2.0
Canadian dollar	88.5	−16.6
Austrian schilling	115.9	+24.8
Belgian franc	104.5	+7.8
Danish kroner	86.6	−10.8
Deutsche mark	122.0	+43.5
Swiss franc	152.5	+104.0
Guilder	114.5	+17.9
French franc	80.2	−16.1
Lira	55.4	−57.2
Yen	142.9	+37.5

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Jan. 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.514797	0.566283
U.S. $	12	1.14957	1.05810
Canadian $	14.81	1.37420	1.26556
Austria Sch.	6¾	18.5821	17.1253
Belgian F	14	45.2280	41.6468
Danish Kr	11	8.68001	7.67807
D mark	7½	2.65826	2.44336
Guilder	9	2.90537	2.67646
French Fr	14	6.74664	6.20938
Lira	19	1420.42	1307.28
Yen	5½	260.255	238.284
Norwgn. Kr	9	6.75255	6.21803
Spanish Pta	8	116.047	104.653
Swedish Kr	10	6.50559	5.97509
Swiss Fr	6	2.13402	1.58393
Greek Dr'ch	20½	—	58.6024

OTHER CURRENCIES

Jan. 15	£	$		£ Note Rates
Argentina Peso	18,703-18,725†	9,880-9,900†	Austria	30.15-30.45
Australia Dollar	1.7010-1.7030	0.8970-0.8975	Belgium	82.25-83.25
Brazil Cruzeiro	249.43-250.43	131.56-132.22	Denmark	14.05-14.20
Finland Markka	8.329-8.343	4.3250-4.3970	France	10.27-11.07
Greek Drachma	108.671-111.588	58.45-58.63	Germany	4.31-4.35
Hong Kong Dollar	11.004-11.034	5.81-5.82	Italy	2390-2440
Iran Rial	148.40*	80.00*	Japan	426-430
Kuwait Dinar (KD)	0.534-0.540	0.2831-0.2833	Netherlands	4.72½-4.72¾
Luxembourg Fr	74.00-74.10	39.09-39.11	Norway	11.00-11.10
Malaysia Dollar	4.2690-4.2790	2.2540-2.2560	Portugal	120-130
New Zealand Dlr	2.3293-2.3316	1.2275-1.2285	Spain	184¼-194¼
Saudi Arab. Riyal	6.43-6.51	3.4185-3.4215	Sweden	10.35-10.65
Singapore Dollar	3.9075-3.9175	2.0580-2.0610	Switzerland	3.47½-3.51½
Sth. African Rand	1.8295-1.8313	0.9650-0.9655	United States	1.88½-1.90½
U.A.E. Dirham	6.93-6.98	3.6705-3.6725	Yugoslavia	27.94

† Now one rate. * Selling rate. Jan. 18 Malaysia Dollar/Sterling 4.2390-4.2490

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 19	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7572	41.6463	+2.18	+1.21	±1.5368
Danish Krone	7.91117	7.98301	+0.91	−0.06	±1.6412
German D-Mark	2.40989	2.44480	+1.44	+0.47	±1.0977
French Franc	6.17443	6.21765	+0.70	−0.27	±1.3733
Dutch Guilder	2.66382	2.67703	+0.50	−0.47	±1.5063
Irish Punt	0.684452	0.692201	+1.15	+0.19	±1.6683
Italian Lira	1300.67	1309.13	+0.65	+0.67	±4.1229

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for January 19 ...... 0.564243

EXCHANGE CROSS RATES

Jan. 19	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.895	4.350	425.5	11.073	3.505	4.763	2322.	2.222	74.05
U.S. Dollar	0.528	1.	2.296	224.5	5.843	1.850	2.515	1225.	1.194	39.08
Deutschemark	0.230	0.436	1.	97.82	2.545	0.806	1.095	533.7	0.520	17.02
Japanese Yen 1,000	2.350	4.454	10.22	1000.	26.02	8.237	11.20	5456.	5.316	174.0
French Franc 10	0.903	1.711	3.929	384.3	10.	3.166	4.303	2097.	2.043	66.88
Swiss Franc	0.285	0.541	1.241	121.4	3.159	1.	1.359	662.3	0.645	21.13
Dutch Guilder	0.210	0.398	0.913	89.30	2.324	0.736	1.	487.2	0.475	15.54
Italian Lira 1,000	0.431	0.816	1.874	183.3	4.770	1.510	2.053	1000.	0.974	31.90
Canadian Dollar	0.442	0.838	1.925	188.2	4.895	1.550	2.107	1026.	1.	32.74
Belgian Franc 100	1.350	2.559	5.874	574.6	14.96	4.735	6.433	3135.	3.055	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 19)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 1/16	offer 14 3/16	bid 14 15/16	offer 15 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 12	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅝-14¾	13-13¼	13-14	10¼-10⅝	2½-3	6⅝-9¾	14⅞-13⅝	20-23	14¾-17¾	3⅝-5⅛
7 days' notice	14¾-15	13⅛-13⅜	13-14	10⅝-10½	6¼-3¾	6¾-6⅞	14⅞-15⅝	22½-23⅞	13⅞-16⅞	6-6¼
Month	15-15⅛	13⅝-13⅞	14½-14⅞	10½-10⅝	8⅛-8¼	10⅛-10⅛	15-15½	21¼-22¼	16⅝-20⅜	6¼-6⅜
Three months	15-15⅛	14⅛-14⅜	13⅝-15¾	10½-10⅝	8⅛-8¼	10⅛-10⅛	15 12⅛	22½-23⅛	20⅛-21½	6⅛-6⅞
Six months	15¼-15⅝	14⅛-15⅛	16⅛-12½	10⅝-10¾	8⅝-8¾	10⅛-10¼	17-17½	23⅝-24¼	20½-21½	6¾-6⅞
One Year	18¼-15⅝	13¼-15½	16⅝-16⅝	10¾-10⅞	8⅛-8⅛	10⅛-10¼	18-18½	24-24⅞	18½-16½	6⅛-6⅛

SDR linked deposits one month 12⅞-12½ per cent; three-months 12⅝-13¼ per cent; six months 13 5/16-13 11/16 per cent; one year 13½-13⅞ per cent.

ECU linked deposits: one month 13½-13⅞ per cent; three months 14 5/16-14 7/16 per cent; six months 14⅝-14¾ per cent; one year 14½-14⅞ per cent.

Asian $ (closing rates in Singapore): one months 13⅝-13½ per cent; three months 14 5/16-14 5/16 per cent; six months 15-15⅛ per cent; one year 15 5/16-13 7/16 per cent.

Long-term Eurodollar two years 15⅝-15⅞ per cent; three years 15⅝-16 per cent; four years 15⅝-16 per cent; five years 15⅞-16⅛ per cent nominal closing rates.

The following rates were quoted for London dollar certificates of deposit one month 13.20-13.30 per cent; three months 13.85-13.95 per cent; six months 14.60-14.70 per cent; one year 15.15-15.25.

MONEY MARKETS

Rates ease again

London clearing bank base lending rates 14½ per cent (since December 4)

Short term rates continued to ease in London yesterday after a further reduction in Bank of England dealing rates. The authorities bought bills to alleviate the shortage of funds down to 14½ per cent in all four bands, making a 1/16 per cent reduction in bands 1 and 2 and ⅛ per cent in 3 and 4. Three-month interbank money was quoted at 15-15¼ per cent down from 15 5/16-15⅜ per cent while three-month sterling CDs were lower at 15 per cent compared with 15 1/16 per cent. Overnight money opened at 14½-14¾ per cent and eased in stages down to 14½ per cent before rising to 15-15½ per cent before the afternoon help. Rates then eased to 14½ per cent but rose sharply to touch 20 per cent before finishing nearer 10 per cent.

The Bank gave an early forecast of a shortage of £400m with bills maturing in official bands and a net take up of Treasury bills accounting for £120m and Exchequer transactions draining a further £315m. The shortage was revised at noon to around £450m and the Bank bought £290m of bills comprising £40m of eligible bank bills in band 1 (up to 14 days) at 14½-14 9/16 per cent and in band 2 (15-33 days) £5m of Treasury bills at 14½ per cent and £163m of eligible banks bills at 14½-14 9/16 per cent. In band 3 (34-63 days) it bought £49m of eligible bank bills at 14½-14⅝ per cent and in band 4 (64-91 days) £5m of Treasury bills at 14 9/16 per cent and £28m of eligible bank bills at 14½-14 9/16 per cent.

During the afternoon the Bank gave additional help of £93m, making a grand total of £383m. The afternoon help comprised purchases of £14m of Treasury bills in band 1 and £9m of eligible bills at 14½ per cent. In band 3 in band 2 £11m of Treasury bills and £28m of local authority bills It bought £5m of eligible bank bills at 14½ per cent and in band 4 £15m of Treasury bills at 14 per cent.

In Frankfurt call money fell to its lowest level for nearly a year in the money market, being quoted at 9.5 per cent compared with 10.10 per cent on Monday. This reflected the very easy conditions created by some DM 13.1bn available under two repurchase agreements and the Bundesbank's recent offer to rediscount bills at 10 per cent. In addition banks have yet to deal with end of month tax payments and are at present well ahead on their minimum reserve requirements. Current levels of liquidity also kept borrowings under the special Lombard facility down to DM 500m.

GOLD

Slight rise

Gold rose $3 to $375-376 in the London bullion market. It opened at $375½-376½, and touched a peak of $379-380, but seemed to find resistance at this level falling to the day's low at close, reflecting an easier opening to U.S. futures trading. The metal was fixed at $377.25 in the morning and $375.25 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 70,055 per kilo in the afternoon ($374.54 per ounce), compared with FFr 70,250 ($376.15) in the morning, and FFr 70,500 ($373.65) Monday afternoon.

In Luxembourg the 12½ kilo gold bar was fixed at the equivalent of $377.50, against $368.25 on Monday.

In Zurich gold finished at $374-37, compared with $372-375.

	Jan. 19		Jan. 18	
Gold Bullion (fine ounce)				
Close	$375-376	(£167¼-168)	$372-376	(£198.4-198.9)
Opening	$375½-376½	(£198¾-199¼)	$366½-367½	(£196½-197)
Morning fixing	$377.25	(£199.077)	$369.75	(£198.013)
Afternoon fixing	$375.25	(£197.812)	$373.75	(£199.280)
Gold Coins				
Krugerrand	$385-386	(£203¼-203¾)	$384-385	(£204¼-204¾)
1/2 Krugerrand	$198½-196½	(£104¾-103¼)	$198-169	(£105¼-105¾)
1/4 Krugerrand	$101-102	(£53¼-53¾)	$101-102	(£53¾-54¼)
1/10 Krugerrand	$41¼-42¼	(£21¾-22¼)	$41¼-42¼	(£22-22½)
Mapleleaf	$387-388	(£204¼-204¾)	$382-387	(£203¼-205¾)
New Sovereigns	$91¾-92¼	(£48½-48¾)	$91½-92¼	(£48¾-49)
King Sovereigns	$104-105	(£54¾-55¾)	$103-104	(£53-55½)
Victoria Sovs.	$104-105	(£54¾-55¾)	$103-104	(£55-55½)
French 20s	$89-69	(£47-52¼)	$89-99	(£47¼-52¾)
50 pesos Mexico	$463-467	(£244½-246½)	$460-464	(£244¾-246¾)
100 Cor. Austria	$364-367	(£162¼-195¾)	$364-367	(£185¾-185¼)
$20 Eagles	$502-508	265-258¼	$497-503	(£264¼-267½)

LONDON MONEY RATES

Jan. 19 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-20	14½-14¾	—	—	14¾	13-14¼	—	—	—

Local authorities and finance houses seven days' notice others seven days fixed. Long-term local authority mortgage rates nominally three years 15½ per cent; four years 15½ per cent; five years 15½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14½-14⅝ per cent; four months trade bills 15⅛ per cent.

Approximate selling rate for one month Treasury bills 14½ per cent; two months 14⅝ per cent; three months 14⅝ per cent. Approximate selling rate for one month bank bills 14⅝-14⅝ per cent; two months 14⅝-14⅝ per cent; and three months 14⅝-14⅝ per cent; one month trade bills 15½ per cent; two months 15½ per cent; three months 15½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1982. Clearing Bank Deposit Rates for sums at seven days' notice 12½-12½ per cent. Clearing Bank Rates for lending 14½ per cent. Treasury Bills: Average tender rates of discount 14.5469 per cent.

MONEY RATES

NEW YORK	
Prime rate	15¾
Fed. funds	13¼-13½
Treasury bills (13-week)	12.38
Treasury bills (26-week)	12.92
GERMANY	
Special Lombard	10.50
Overnight rate	10.10
One month	10.50
Three months	10.50
Six months	10.50
FRANCE	
Intervention rate	14.75
Overnight rate	15.125
One month	15.1875
Three months	15.1875
Six months	15.25
JAPAN	
Discount rate	5.50
Call (unconditional)	6.625
Bill discount (three-month)	6.65875

Senior positions at Barclays Bank

BARCLAYS BANK has appointed Mr Ted Foster and Mr Paul Borrett divisional general managers of the newly formed large corporate division, which services the needs of the bank's largest customers.

*

Sir James Dunnett, a non-executive director of IMPERIAL GROUP retires from the board on March 25.

*

Mr G. M. St. John-Cullen has been appointed a director of ENNIA INSURANCE COMPANY (UK).

*

Mr John Nash has been appointed chairman of RELIANT INDUSTRIAL MOULDINGS, Tamworth, recently formed subsidiary of Reliant Motor, of which Mr Nash is also chairman. Mr Ritchie Spencer, managing director of Reliant Motor, is appointed managing director of Reliant Industrial Mouldings; also appointed to the board are Mr Michael Bolton, Mr Cyril Burton, and Mr James Dugoid.

*

A new company, EXTRUSION SYSTEMS, has been formed to design, manufacture and market polypropylene extrusion equipment for the UK and overseas. The company is based in Drighlington, near Bradford, Yorkshire and led by Mr David Slack. He was managing director of Plasticisers Engineering and has been joined by both the company's sales director, Mr Jonathan Slack, and technical manager, Mr D. R. Newsholme. Mr Newsholme is technical director and Mr Jonathan Slack sales director.

*

Mr Robin Nichols has been appointed chief executive of GREENWICH BUILDING SOCIETY in succession to Mr G. V. Brown, who has retired.

*

Mr Peter Spear has retired as group director of technical services of Rubery Owen Holdings. He has formed his own company PETER SPEAR AND ASSOCIATES, based in Wolverhampton. He is still contractually involved with the Rubery Owen Group in an advisory capacity.

*

The DEVELOPMENT CORPORATION FOR WALES has appointed Mr Alfred Bell as deputy chief executive. Until recently he was director of the British Steel Corporation, Japan, with responsibility for all Far Eastern activities.

*

Mr A. J. Shepperd has resigned from the board of the METTOY COMPANY due to increasing pressure of other business commitments. Mr R. Cooper has been appointed chairman of the company in succession.

*

Mr Andrew Thorburn, county planning officer for East Sussex, has been elected president of the ROYAL TOWN PLANNING INSTITUTE. He succeeds Mr John Collins, county planner for Cheshire.

*

Mr Michael Holford has been appointed general manager (director designate) of PERMALI GLOUCESTER, a member of the BTR group.

*

CONCORD ROTAFLEX has appointed Mr Stephen Dunford as group managing director following the resignation of Mr P. W. McGrath. Mr Dunford joins the company after 10 years with the Lex Service Group. Mr H. W. Smith has been appointed managing director of Concord Lighting International, the group's main UK operating company. Mr John Robb remains chairman of Concord Lighting International but in addition takes responsibility for the group's Belgian operations.

*

Mr J. R. Newton has been appointed to the board of W. N. SHARPE.

*

Mr R. I. Regan has been appointed managing director of WACKERBARTH WHITTON AND WALROND SCARMAN GROUP.

*

Mr Michael Boyce has been appointed managing director of VOLSTATIC COATINGS. He is also president and chief executive officer of Volstatic Inc., the company's subsidiary in the U.S. Mr Boyce succeeds Mr Bob Lever, the founder of Volstatic, who remains as chairman.

*

Mr K. M. Hilton has been appointed associate general manager in the UK of CONFEDERATION LIFE INSURANCE. Mr George L. Willman has been appointed chief actuary.

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OFFSHORE & OVERSEAS FUNDS

NOTES

WORLD STOCK MARKETS

Fresh early Dow rally fades

MONDAY'S afternoon recovery on Wall Street continued at the opening yesterday, but the market then slipped back to present a mixed appearance at mid-session after a fair turnover.

The market was said to have settled into a narrow trading range ahead of President Reagan's Press conference, scheduled for yesterday afternoon.

The Dow Jones Industrial Average, which gained 7.52 on Monday, was 3.33 harder at 10.30 am, but had receded to 854.74 by 1 pm, a marginal 0.38 below the overnight level. The NYSE All Common Index was off 10 cents at $67.74, after further improving to $67.95. Rises and falls were about evenly matched at mid-session after trading volume of 31.64m shares (88.15m).

Analysts said investors have moved to the sidelines to see what President Reagan will say about his economic policies, and particularly any statements he may make about the possibility of tax increases.

Blue Chip issues led the downturn. Volume leader IBM was off ½ at $61¾, while Exxon lost ½ to $29¾, Dupont ⅜ to $35⅜, Union Carbide ½ to $46¾, Standard Oil California $1 to $37 and General Motors ⅛ to $39½.

Rail stocks were also easier, bringing down the Dow Jones Transportation Average 1.65 points. Burlington Northern declined 1⅞ to $51½, Union Pacific 1½ to $46⅞, Santa Fe Industries ½ to $18¾ and Southern Pacific ½ to $85⅜.

Digital Equipment rose 1½ to $84 in active trading on news of higher earnings.

THE AMERICAN SE Market Value Index managed to retain a net improvement of 0.67 at 297.16 at 1 pm. Volume 2.54m shares (2.61m).

Canada

Markets in Canada also displayed mixed movements at midday after moderate trading. The Toronto Composite Index was just 0.5 down at 1,812.6, while Oil and Gas lost 18.5 at 3,309.9 but Golds put on 6.3 to 2,453.3.

Leading the actives were Alcan Aluminium, off ½ at C$24½, Gulf Canada, down ¼ at C$15⅜, and Dome Petroleum, ½ lower at C$12⅜.

Canadian Imperial Bank of Commerce, which said it has filed for a C$150m preferred share offering, was up ⅛ at C$27⅜. The Royal Bank, up ¼ at C$25½, said it has acquired a Swiss bank, Banque Occidentale Pour L'Industrie et le Commerce.

Texaco Canada rose 1½ to C$30⅞ and Cominco 1 to C$51½.

Tokyo

The market failed to maintain a firm start on the overnight Wall Street improvement and the yen's upturn against the U.S. dollar. Price movements were mixed on balance after another moderate trade.

The Nikkei-Dow Jones Average was still ahead 17.73 at 7,677.07 at the close, but the Tokyo SE index lost 0.32 at 567.84. There were finally 308 advances to 305 declines on the First Market after 250m shares being traded, equalling Monday's volume.

Moderate foreign purchases were detected in recently-favoured Steels and Pharmaceuticals, but most ended lower on the day, with Nippon Steel off Y2 at Y174, Yamanouchi Pharmaceutical down Y30 at Y1,330 and *Shionogi* Y11 easier at Y909.

Precision Instruments and Light Electricals mainly recorded modest net falls, but Fuji Photo gained Y10 at Y1,300, Sony Y40 at Y3,670 and TDK Electronic Y60 at Y3,840.

Motors scored some rises, Nissan adding Y4 at Y834, Toyota Y6 at Y991 and Isuzu Y7 at Y472.

A number of Machinery issues were higher in anticipation of better earnings. Chiyoda Chemical Engineering continued to rise, going up Y16 to Y744 on news of a large order from Saudi Arabia. Oils and Non-ferrous Metals also provided firm spots.

Germany

A firm performance was seen yesterday as trading reached a brisk pace for the first time in several days. Brokers said foreign and domestic investors were attracted to West German stocks by the D-mark's overnight recovery against the U.S. dollar and a long-awaited rally for West German Bond prices. The *Commerzbank* index rose 5.3 to 672.0.

Preussag rose DM 1.20 to DM 197.20 and Metallgesellschaft lost DM 1 to DM 254 after cutting *their zinc prices*.

Public Authority Bond prices rose by up to 45 pfennigs, with the mood influenced by the firmer Monday close on Wall Street and rumours of possible new Saudi Arabia lending to the Federal Government. The Bundesbank sold DM 21.1m of paper after buying DM 22.7m *the previous day*.

Paris

Prices of French stocks were marked down across a broad front in sharp contrast to the euphoria observed on the Exchange on Monday.

Traders said there were two main reasons for the turnround. The first was reports that the revised terms for compensation to stockholders of companies to be nationalised will be based entirely on the average stock value over the six months through to March 31 1981.

Australia

Some Mining Heavyweights recovered a little ground, but markets otherwise were inclined to close weaker. The Australian All Ordinaries index shed 2.1 more to 547.1 and the Oil and Gas sub-group index 4.1 to 600.3, although Metals and Minerals picked up 1.6 to 382.0.

Banking, Building, Engineering and Chemical stocks led Industrials down as the All Industrials index lost 5.1 to 697.8, one of its sharpest falls in several months. Retailing was one of the few sectors to improve on the Industrial boards.

Resources stocks opened firmer, sparking speculation of a rally, but buying support faded after the first half-hour. The higher overnight close on Wall Street and a modest lift in world Bullion prices had little impact on trading.

BHP's report of a 2,800 barrels a day oil flow from the offshore well Tarwhine No 1 was greeted with sparse enthusiasm by traders. BHP was rapidly bid to A$9.46 in opening trading, but later fell to A$9.20, a loss of 4 cents on the day.

Hong Kong

There was a modest recovery yesterday in response to the overnight closing firmness on Wall Street. However, trading was very thin with mainly small investors in the market.

The Hang Seng index ended at 1,398.57, recouping 12.53 of Monday's decline of 24.42. Turnover totalled a mere HK$133.02m on the four exchanges, less than the previous day's HK$158.88m.

Singapore

With sentiment helped by higher Hong Kong and overnight Wall Street stock markets, Singapore shares took a turn for the better yesterday in moderate activity. The Singapore Straits Times Industrial Index, after retreating 17 points on Monday, *picked up 11.31 to 765.40.*

Johannesburg

Helped by the steadier Bullion price, Gold shares tended to harden in quiet dealings. Elsburg, R2.80, and East Rand Proprietary, R12.00, improved 20 cents apiece.

Closing prices for North America were not available for this edition.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

Jan. 19	Price Aust. $	+ or −
ANZ Group	4.26	
Acrow Aust.	1.5	
Ampol Pet.	1.66	
Assoc. Pulp Pap.	1.70	
Audimco	0.16	
Aust. Cons. Ind.	1.68	+6.05
Aust. Guarant	2.30	

JAPAN (continued)

Jan. 19	Price Yen	+ or −
Kubota	342	+2
Kumagai	370	−2
Kyoto Ceramic	3,765	−40
Lion	380	−1
Maeda Cons.	826	+1
Makita	665	−1
Marubeni	398	−2

DENMARK

FRANCE

ITALY

NORWAY

SWEDEN

SPAIN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

HONG KONG

SINGAPORE

SOUTH AFRICA

BRAZIL

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

NY. S.E. ALL COMMON

MONTREAL

TORONTO

NEW YORK ACTIVE STOCKS

(**) Sat Jan 16: Japan Dow (c) TSE (c).

COMMODITIES AND AGRICULTURE

Boost for NY-Chicago futures link

By Nancy Dunne in Washington

NEGOTIATIONS for an electronic linkage between the Chicago Board of Trade and the moribund New York Futures Exchange received a boost yesterday by the re-election of Mr Leslie Rosenthal, the BoT's controversial chairman.

The linkage was opposed by Mr Rosenthal's opponent in the election, Mr Ralph Goldenberg, who has been pushing instead for a tie-up with the Chicago Board of Options.

The contest is seen as a reflection of the division among traders about the BoT's future. The linkage, which was attacked by some traders who see no need to rescue the ailing NYFE, would bring the Chicago market into the New York financial centre through the important New York Stock Exchange, parent of NYFE. CBT traders are expected to thus gain access to grading on the exchange's stock index, if the contract is approved by the Commodities Futures Trading Commission.

Mr Rosenthal, who will serve his third term as chairman, is highly regarded in Chicago as a brilliant trader but he is not popular on Capitol Hill where he was thought to be "arrogant and condescending" during last year's battle over tax straddle legislation.

Normally the C.B.T. chairman would be expected to appear in the CFTC reauthorisation hearings to begin next month. The reported target of several lawsuits and investigations by the CFTC in the past, Mr Rosenthal is expected to keep a low profile in the re-authorisation battles ahead.

World cereal record forecast

By John Wicks in Zurich

THE WORLD cereal crop is likely to reach a record level of almost 1.5bn tonnes in the crop year 1981-82, according to a report issued by the International Monetary Fund. The IMF predicts peak production figures of about 450m tonnes for wheat, 767m tonnes of coarse grain and 274m tonnes (milled basis) of rice.

The overall increase in total world cereal supplies is said to be caused primarily by higher production in the main exporting countries, the U.S., Canada and Australia.

This, plus increased crops in Asia, Africa and Latin America, are seen as "more than enough" to offset falls in production.

UK stands firm on fish policy

BY LARRY KLINGER IN BRUSSELS

AS THE prospect grows for a drawn-out delay before serious negotiations can be resumed on establishing a Common Fisheries Policy, Britain yesterday declared that there was "no way" that its coastal waters would be opened up to EEC-wide fishing if there was still no agreement when its transitional EEC accession arrangements expire at the end of the year.

Mr Alick Buchanan-Smith, the British Minister of State for Agriculture and Fisheries, said in Brussels that, if there was no agreement before the year-end deadline, "present conditions" would remain in place.

There was "no way" in which a British Government could allow uncontrolled Community-wide fishing in UK waters, he said. There was no prospect that "any British Government could tolerate it."

The CFP negotiations have already dragged on for nearly six years, and the last two Councils of Fisheries Ministers had to be cancelled because clearly no progress could be made. Any further delays would place the negotiations perilously close to the end of Britain's 10-year accession arrangements.

Speaking in response to criticisms that the problems of Britain's distant-water fishing fleet were being ignored by his Government, Mr Buchanan-Smith also confirmed that overall negotiations on a CFP are unlikely to be resumed for at least another two months.

The European Commission is not expected to produce its 1982 total catch and quota proposals until the end of next month or early in March, and Mr Buchanan-Smith made clear that no discussions on what access other countries might have to British waters under a CFP could take place without a parallel discussion on possible quota share-outs.

World farm aid funds agreed

BY JAMES BUXTON IN ROME

THE OECD and OPEC countries have finally resolved two years of argument on replenishing the capital of IFAD, the Rome-based *International Fund for Agricultural Development*, which lends mainly to projects benefiting small farmers in developing countries.

IFAD's capital is to be increased from about $1bn to $2.1bn through the contribution of $620m by OECD states, $450m by OPEC states and $30m by developing country members. Taking into account income from interest, the fund will be able to commit a total of $1.35bn over the 1981-83 period, in addition to the $900m committed up to 1980.

However, the funds at the disposal of IFAD, which was set up in 1977 partly at the instigation of OPEC, will be declining in real terms. Originally, member-states were asked to contribute $1.35bn in new capital, rather than the $1.1bn agreed.

Iran, which originally made the largest single commitment to IFAD, failed to pay up more than half its original pledge, and is not contributing to the replenishment. The Reagan Administration in the U.S. scaled down a previous commitment to the replenishment of IFAD's funds. Negotiations on the capital increase were further complicated by arguments over the relative share of the funds contributed by OPEC and OECD.

When IFAD was established it had been intended that each group of countries' contributions should be equal. In the event the OECD countries are now contributing 56 per cent of the total agreed increase, and OPEC 41 per cent.

IFAD is primarily a financial institution which provides money for projects being implemented either by national governments or other aid agencies. Its aim is to raise food production and living standards in rural areas and thereby help the world's poorest people.

In spite of having already committed $1.26bn in loans, only $140m has been disbursed, owing to the slow speed at which aid projects normally get under way.

Another zinc smelter cuts price

By John Edwards, Commodities Editor

ANOTHER West German zinc smelter, Preussag, yesterday cut its European zinc producer price by $75 to $875 a tonne. This followed the price reduction to $875 announced by Metallgesellschaft on Monday.

Other zinc producers, however, are believed to be reluctant to follow, especially in view of the recent reversal of the decline in U.S. producer prices and the firmer tone on the London Metal Exchange zinc market.

The cash price for zinc on the LME closed £7.5 higher yesterday at £430.5 a tonne, in spite of news of further moves to settle the long running strike at Tara Mines in Ireland.

Following reports that the mine's bankers had set a *deadline for settlement of the stoppage*, which started in July, the Irish Labour Minister ordered the Labour Court to re-open discussions on the dispute today.

Lead prices advanced strongly yesterday, encouraged by an upturn in copper and a general belief that the market had been oversold recently. Once an important chart buying point was triggered values moved up rapidly. Cash lead closed £12.25 higher at £340.75.

Copper was boosted by the rise in gold, but other markets were easier. Tin fell in spite of a recovery in the Penang market overnight with the Straits tin price gaining M$1.10 to M$34.90 a kilo. In London there is increasing concern about the threat of an acute supply squeeze developing in late February.

Jamaica bauxite sales down

KINGSTON, Jamaica—Jamaica's bauxite sales last year fell by an estimated 800,000 tonnes, but alumina exports increased by 100,000 tonnes, Mr Basil Buck, Junior Mining Minister, said.

Mr Buck said bauxite exports during 1981 reached an estimated 5.2m tonnes, compared with 6m tonnes the previous year. However, the export of alumina rose from 2.4m tonnes to 2.5m tonnes.

Total bauxite production was officially estimated at 11.5m tonnes, compared with just under 12m tonnes in 1980.

Mr Buck said production this year would not be better, but he expressed confidence over a revival in the industry.

EEC FARM MINISTERS' MEETING

Price regime decision soon

BY LARRY KLINGER IN BRUSSELS

EUROPEAN Commission proposals on guaranteed farm price rises for the coming marketing years will be presented, probably by the end of next week, whatever the outcome of Monday's special meeting of EEC Foreign Ministers.

This was confirmed yesterday by Mr Poul Dalsager, the Agriculture Commissioner, who said that there was a limit to the time the Commission could wait if the EEC Agriculture Ministers were to meet their April 1 deadline to agree on a new price regime for 1982-83.

The Commission decided on Monday to withhold its proposals following last week's failure of EEC Foreign Ministers to agree on guidelines aimed at reforming the EEC's budgetary and agricultural policies.

Mr Dalsager would not be drawn, however, on either the content or scale of the Commission's proposals, which are widely understood to suggest average price rises of up to 9 per cent, the highest in recent years.

Similarly, the ministers attending yesterday's Agriculture Council in Brussels refused comment on "hypothetical" proposals.

On the other hand, unofficial reactions to the Commission's postponement were mixed. Countries heavily dependent on agriculture but standing towards the margins of budgetary debate, such as Ireland, were obviously disappointed.

Others, such as Britain and West Germany, showed little concern, indicating that they thought there was still plenty of time to agree farm price levels before the April deadline.

There were even indications that West Germany might prefer the delay so that its current industrial wage negotiations would not run in parallel with the farm talks. The fear is that a substantial industrial settlement might increase farmers' expectations to levels which could then not be satisfied.

Commission officials, who had been set to present their proposals at yesterday's Council meeting, said that an extraordinary Agriculture Council might be called either before or after the next scheduled meeting on February 15 and 16 to give the ministers extra time to study the measures.

France's controversial plan to give its farmers an extra £500m in aid came under further attack yesterday with Mr Peter Walker, the British Agriculture Minister, saying that aid on this scale was a "preposterous affront" to the principles of the Common Agriculture Policy (CAP).

Mr Walker, who is again heading the British agriculture delegation after his six-month tenure as President of the EEC Council of Farm Ministers, said after yesterday's Council meeting that the French scheme, even if portions of it proved to be legal, threatened to disrupt the CAP by possibly forcing others to emulate the French.

He refused to be drawn, however, on whether Britain might be contemplating a big increase in farm aid but did not completely rule out the possibility.

He said that to say "we are going to do such-and-such" if the French go ahead illegally would only undermine the British position over the issue. Moreover, even if larger countries such as Britain and West Germany could devote extra funds to such aids, smaller countries simply could not afford to.

France maintains that the latest aid package is entirely legal under EEC law in that it contains no direct income aids, and Mme. Edith Cresson, the French Agriculture Minister, said that her Government would comply with the European Commission's request to provide full details of the scheme two months before the planned aid was paid.

Mr Poul Dalsager told the Council that the Commission had rejected France's initial submission because it lacked sufficient detail and had urgently requested France to provide further information. He said after the meeting that the Commission hoped to have a reply "very soon and then could act on the matter in the near future."

France's latest package is indeed complex and is directed towards various farming sectors, especially the poorest, unlike the £400m across-the-board pre-election package granted by the previous government headed by M. Valery Giscard d'Estaing.

Britain, and more recently West Germany, have been the foremost critics of French policy, but are now being supported in varying degrees by such traditional allies of France as Italy, Greece and Ireland. Farmers of various nationalities have been pressing for similar aid only to be told that their recession-hit national economies could not bear the cost.

Mr Walker insisted that the issue remain on the agenda for the next scheduled Council meeting on February 15 and 16. He said that in Britain's view "quite a lot of the French scheme appeared to be illegal and that, in any case, because of its scale the whole position has got to be looked at."

Meanwhile, the Commission has asked the Dutch Government for more information concerning its plan to eliminate its natural gas subsidies to its glasshouse industry.

The Commission has declared that it will take the case before the European Court if the Netherlands did not agree to eliminate the differential between its horticultural gas price and its higher, wider industrial price by October 1.

The Commission said that the Dutch Government in its reply to Brussels, had not completely ruled out the possibility but that its suggested plan seemed to fall short of the Commission's ruling.

Higher cocoa levy sought

BRUSSELS — The EEC will propose doubling the International Cocoa Agreement levy to 2 cents per pound at a forthcoming meeting of the International Cocoa Organisation (ICCO) council. EEC officials said it was not yet clear whether the 2 cent figure, which was agreed at an EEC commodities experts meeting here on Monday, would be acceptable to other countries in the agreement, but the subject would be raised at a council meeting next week in London.

The levy increase would apply from October 1, 1982, according to the EEC proposal.

On a possible $75m loan to the Cocoa Agreement's buffer stock offered by Brazilian banks, negotiations on terms such as interest rates and security were still going on with the banks, and the EEC experts had adopted no definitive position yesterday pending fuller discussion of the conditions in London.

The EEC experts had decided to propose alterations to the quotas allocated to various countries and types of cocoa, which would lead to a better share out of the market.

Beef import quotas fixed

By Larry Klinger in Brussels

EEC AGRICULTURE Ministers yesterday agreed on 1982 import quotas for certain types of beef for food products after France and Ireland dropped their long-standing objections to the scale of the European Commission's original proposals.

Britain, which is the main beneficiary of these cheap imports, welcomed the agreement. Officials representing Australia, which along with Argentina is the main exporter to the EEC, said they were satisfied that last year's levels had been maintained even though they had wanted an increase.

The ministers agreed to maintain last year's level of an overall 60,000 tonnes of imports under the so-called "manufacturing beef balance sheet," with 30,000 tonnes of high quality meat to be imported duty free and an equal amount of lower quality meat to be imported at 45 per cent below normal duty, which is the minimum requirement under the General Agreement on Tariffs and Trade (Gatt).

Britain also won a concession under which the tariff level would be reviewed in six-months' time to open the possibility of a reduction if the exporters find it unprofitable to fill their quotas.

The French, supported by the Irish, had argued that the overall quota should be cut to 45,000 tonnes and had opposed any provision for a tariff review. They said that because the EEC was self-sufficient in beef, "preference" should be given to Community produce.

Meanwhile, the Ministers also approved the 1982 preferential arrangement for the import of live veal animals, mainly from Yugoslavia. This comprises 210,000 head overall, 180,000 for Italy, 20,000 for Greece, with the destination of the remaining 10,000 to be decided later.

The agreement also provides, under a complicated formula on which sections of the quotas are used, for a possible increase in the overall quota by 25,000 head.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-metal prices were mixed on the London Metal Exchange. Light buying interest and the rise on Comex saw copper move ahead to £890 before closing at £886, while forward short covering lifted zinc to £436.5, after £436, but the Tara meeting was brought forward to yesterday in an attempt to end the long labour dispute. Lead was finally £353 after the metal moved through an important chart point at £345. Aluminium closed at £612.75 and Nickel £3,022.5. Hedge selling depressed three months tin to £7,910 with cash metal closing at £8,460.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −
Higher grade	£	£	£	£
Cash	856-7	+6.25	859-.5	+8
3 months	886.5-7.5	+4.5	889-.5	+6
Settlem't	857	+5.5	—	
Cathodes				
Cash	854.5-5	+0.5	856-7	+4
3 months	882-5	+6	885-6	+5
Settlem't	855	+5	—	
U.S. Prod.	—		*77-82	

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £856.00, 56.50, three months £884.00, 84.50, 85.00, 85.50, 86.00. Cathodes, three months £883.00. Kerb: Higher grade, three months £886.50, 87.00, 87.50, 88.00, 88.50, 89.00, 88.50. Afternoon: Higher grade, three months £888.00, 89.00, 89.50, 90.00, 89.50, 90.00, 89.00. Cathodes, cash £856.00, three months £885.00. Kerb: Higher grade, three months £890.00, 89.50, 90.00, 89.50, 89.00. Turnover: 18,650 tonnes.

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	329.5-40	+14.5	340.5-1	+12.25
3 months	351-.5	+12	353-.5	+11.7
Settlem't	340	+14.2	—	
U.S. Spot	—		*28-34	

Lead—Morning: Cash £339.00, 39.50, three months £349.00, 50.00, 49.00, 49.50, 48.00, 49.00, 51.00, 51.50, 51.00, 52.00, 53.00. Kerb: Three months £352.00, 52.50. Afternoon: Three months £352.00, 52.50, 52.00, 53.00. Kerb: Three months £352.00. Turnover: 13,950 tonnes.

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −
High Grade	£	£	£	£
Cash	8460-70	−185	8460-80	−175
3 months	7905-10	−117	7890-900	−78
Settlem't	8470	−180	—	
Standard				
Cash	8460-70	−180	8460-80	−175
3 months	7905-10	−117	7890-900	−78
Settlem't	8470	−180	—	
Straits E.	$M34.90	+1.10	—	
New York	—			

Tin—Morning: Standard, cash £8,450, three months £7,940, 20, 10, 00, 7,900. Kerb: Standard, three months £7,910. Afternoon: Standard, cash £8,480, three months £7,910, 7,890, 7,900. Kerb: Standard, three months £7,880, 7,910, 20, 10, 7,900. Turnover: 5,135 tonnes.

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Cash	427-.5	+7.5	430-1	+7.5
3 months	435-.5	+10	437.5-8	+8.5
S'ment	427.5	+8	—	
Primw'sts	—		*42-75	

Zinc—Morning: Cash £427.00, 27.50, three months £434.00, 35.00, 34.50, 35.00. Kerb: Three months £435.00, 36.00, 36.00. Afternoon: Three months £436.00, 36.00, 37.00, 37.50, 38.00, 37.00, 37.50, 38.00, 38.50, 38.00, 38.50. Turnover: 10,975 tonnes.

Aluminium	a.m. Official	+ or −	p.m. Unofficial	+ or −
	£	£	£	£
Spot	587.5	−4.5	587-8	−2.5
3 months	611.5-.5	−4.5	612.5-3	−2.5

Aluminium—Morning: Three months £612.50, 12.00, 11.50. Kerb: Three months £612.00, 11.50. Afternoon: Three months £612.50, 13.00, 12.50. Kerb: Three months £612.50. Turnover: 6,000 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −
Spot	2965-70	−15	2965-70	−15
3 months	3022-3	−15	3022.5	−5

Nickel—Morning: Three months £3,020, 18, 19, 18, 20, 22. Afternoon: Three months £3,020, 25. Turnover: 360 tonnes.

* Cents per pound. † On previous unofficial close. $ M$ per kilo.

SILVER

Silver was fixed 0.2p an ounce higher for spot delivery in the London bullion market yesterday at 417.15p. U.S. cent equivalents of the fixing levels were: spot 780.1c, up 11.1c; three-month 816.7c, up 10.6c; six-month 847.9c, up 12.2c; and 12-month 905.1c, up 12.3c. The metal opened at 418-422p (780-795c) and closed at 414-418p (787-792c).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unofficial	+ or −
Spot	417.15p	+0.25	413.25p	−3.75
3 months	432.00p	+0.85	427.5p	−4.5
6 months	448.25p	+0.25	—	
12months	476.25p	+0.70	—	

LME—Turnover: 96 (116) lots of 10,000 ozs. Morning: Three months 432.0, 33.0, 34.0, 33.5. Kerb: Three months £433.50, 33.0. Afternoon: Three months £431.0, 30.0, 29.0, 28.0, 27.0, 27.5. Kerb: Three months £428.0, 28.5, 29.0.

COCOA

Futures remained firm and within a narrow range. The near March position showed particular strength. Actuals business remained neglected with both producers and consumers sidelined, reports Gill and Duffus.

COCOA	Yest'rday's Close	+ or −	Business Done
March	1215-17	+8.5	1223-11
May	1204-05	+4.0	1213-03
July	1208-10	+1.5	1218-09
Sept	1214-15		1227-14
Dec	1219-20	−4.0	1231-20
March	1225-27	−4.5	1243-27
May	1230-37	−5.5	—

Sales: 3,069 (2,282) lots of 10 tonnes.
ICCO—Daily price fob Jan 19: 100.46 (99.30): Indicator price for Jan 20: 99.14 (same) U.S. cents per pound.

COFFEE

In line with early indications Robustas opened marginally lower in light volume, reports Drexel Burnham Lambert. An attempt to penetrate recent lows failed due to trade support.

COFFEE	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Jan	1122-23	−10.0	1125-20
March	1135-37	−3.5	1138-33
May	1118-19	−4.0	1132-10
July	1112-15	−4.0	1114-10
Sept	1108-10	−8.5	1111-06
Nov	1104-05	−4.0	1110-05
January	1098-05	−5.0	—

Sales: 1,738 (2,097) lots of 5 tonnes.
ICI Indicator prices for January 18: (U.S. cents per pound): Comp. daily 122.52 (122.73): 15-day average 123.96 (124.00).

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Jan seller 374, 370; March 366, 369, 367-368; May 375, 377, 376; Aug 386, 389, 387; Oct 389, 390, 389; Dec 393, 397, 395; Jan 397, 399, 398-397; March 406, 410, 406-407; May 411, 415, nil. Sales: 68.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. March 495.0, 495.5, 495.5; May 503.5, 504.0, 504.0-503.5; July 511.0, 512.0, 512.0-511.5; Oct 510.0, 512.0, 510.5-510.0; Dec 515.0, 516.0, 515.0; March 520.0, 521.0, 520.0; May 525.0, 526.0, 525.0; July 528.5, 531.0, untraded. Sales: 125.

GAS OIL FUTURES

A steadier opening was followed by weakening prices in fairless trading. Strong commission-house buying pushed prices to the highs, but the market later fell back, reports Premier Man.

Month	Yesterday's close	+ or −	Business Done
	$ U.S. per tonne		
January	316.00	−5.00	321.25-16.75
February	314.00	−1.50	318.75-14.00
March	307.00	−1.50	308.00-06.75
April	297.00	−1.25	297.50-96.00
May	293.50	−0.75	293.00-92.00
June	293.00	+0.25	292.00-92.00
July	295.50	+1.50	—
Aug	297.00	+2.00	—
Sept	298.50	+1.50	—

Turnover: 1,286 (1,522) lots of 100 tonnes.

GRAINS

The market opened generally unchanged. March and May wheat continued being sold to drag all wheat down. Barley was not so weak but again March and May led the way. New crops followed old crop trends. Acli reports.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or −	Yesterd'ys close	+ or −
Jan	109.55	−0.35	106.20	−0.15
Mar	111.70	−0.50	108.45	−0.20
May	115.40	−0.50	111.65	−0.15
July	118.85	−0.40	—	
Sep	107.15	−0.20	102.75	−0.15
Nov	110.75	−0.30	106.70	−0.05

Business done—Wheat: Jan 109.50-109.20, March 112.25-111.70, May 115.85-115.40, July 118.75-118.85, Sept 107.25-107.15, Nov 110.80-110.70. Sales: 155 lots of 100 tonnes. Barley: Jan 106.35-106.20, March 108.60-108.45, May 111.85-111.70, Sept 102.80-102.65, Nov 106.70-106.65. Sales: 206 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent, March 121.45 transhipment East Coast. U.S. Hard Winter 13½ per cent, mid-Jan/mid-Feb 117.10 transhipment East Coast. Maize: French, Jan 133.50 transhipment East Coast. S. African Yellow, March 76.50 quoted. Barley: English Feed fob, Jan 111.75, Feb 113.50, April 115 East Coast. Rest unquoted.

HGCA — *Locational ex-farm spot* prices. Other milling wheat: W. Midlands 110.00. Feed barley: S. East 108.30, S. West 106.20, W. Midlands 105.60, N. West 106.90. The UK Monetary Coefficient for the week beginning Monday, January 25 (based on HGCA calculations using five days' exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened easier, attracted fair interest at the lower levels and closed quiet. Lewis and Peat recorded a February fob price for N. 1 RS in Kuala Lumpur of 206.0 (207.0) cents a kg and SMR 20 181.0 (182.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Feb	50.40-50.80	50.20-50.70	50.20
Mar	51.50-51.70	51.10-51.70	51.80-51.10
Apl-Jne	55.50-55.60	55.50-53.60	55.70-55.05
Jly-Sept	57.80-57.20	57.00-51.15	51.40-56.50
Oct-Dec	60.50-60.40	60.20-60.30	60.50-59.90
Jan-Mar	62.50-63.60	63.50-65.50	65.70-65.00
Apl-Jne	66.30-66.60	66.40-65.50	66.80-66.70
Jly-Sept	69.50-69.60	69.30-63.40	69.30-69.10
Oct-Dec	72.40-72.60	72.30-72.40	72.90

Sales: 596 (81) lots of 15 tonnes. 30 (48) lots of 5 tonnes.
Physical closing prices (buyers) were spot 50.75p (50.00p); Feb 51.75p (same); March 52.00p (51.50p).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 52 tonnes. Gradual increase in prices brought a few more traders to the market, but many awaited events before committing themselves. Scattered interest was shown in certain Middle Eastern styles.

SOYABEAN MEAL

The market opened easier on profit-taking, reports T. G. Roddick. Prices continued under pressure as U.S. weather conditions showed slight improvement and the market closed weak.

	Yesterdays Close	+ or −	Business Done
	£ per tonne		
February	137.00-37.5	−3.50	139.00-37.00
April	134.00-34.2	−3.50	137.50-34.00
June	132.50-32.8	−2.10	135.50-32.50
August	133.50-33.8	−2.75	135.00-33.00
October	132.50-34.0	−1.25	133.50
Dec	134.50-37.0	−2.25	—
Feb	136.00-38.0	−3.00	—

Sales: 204 (107) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £162.00 (same) a tonne cif Jan-Feb-March shipment. White sugar daily price £170.00 (£172.00).

Prices eased during the morning in quiet conditions and continued to drift, reflecting lower New York values, reports C. Czarnikow.

Sales: 2,288 (2,753) lots of 50 tonnes.

No.4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
March	172.25-72.40	173.65-73.75	173.00-72.00
May	175.75-75.85	177.20-77.30	176.00-75.25
Aug	178.45-78.60	181.00-81.10	181.00-79.25
Oct	182.25-82.40	184.85-85.00	185.50-82.00
Jan	183.00-84.50	185.75-87.00	—
March	188.50-89.50	191.05-92.00	—
May	190.00-92.00	192.00-96.00	—

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £272.00 (same) for export.

International Sugar Agreement (U.S. cents per pound), fob and stowed Caribbean ports. Prices for Jan 18: Daily price 12.65 (12.68): 15-day average 12.80 (12.85).

POTATOES

LONDON POTATO FUTURES—Profit-taking and stop-loss buying raised prices and encouraged further buying, reports Coley and Harper. Closing prices: Feb 97.00, +2.40 (high 97.00, low 95.50); April 119.00, +4.50 (high 119.00, low 114.90); Nov 68.00, +0.10 (high 68.00, low 67.90). Turnover: 594 (472) lots of 40 tonnes.

MEAT/VEGETABLES

SMITHFIELD — Pence per pound. Beef: Scotch killed sides 86.5 to 91.0; Ulster hindquarters 101.0 to 102.5; forequarters 72.2 to 74.6. Veal: Dutch hinds and ends 127.0 to 134.0. Lamb: English small 79.0 to 91.0, medium 82.0 to 88.0; Imported — New Zealand PL (new season) 72.5 to 74.0. PM (new season) 73.0 to 74.0. Pork: English, under 100 lb 49.0 to 55.5, 100-120 lb 49.5 to 54.5, 120-160 lb 46.0 to 59.5.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 103.48p per kg lw (−4.04). UK—Sheep 193.23p per kg est dcw (−6.78). GB—Pigs 77.63p per kg lw (−1.58).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Moroccan: Navels 48/113 3.20-3.50; Spania: Navels/Navelinas 42/130 3.80-5.00; Jaffa: Navels 60/105 4.35-4.50. Shamouti 60/144 4.90-5.80. Sevilles—Spanish: 7.50. Clementines—Spania: 3.00-4.00: Moroccan: 1/6 3.00-4.50. Satsumas—Spania: 3.00-3.60. Lemons—Cypriot: 3.20-5.50: Greek: 5.00-6.00: Turkish: 4.00-5.00: Spania: 40/50 2.40-2.50. Grapefruit—U.S.: Pink 32/48 5.50-7.00; Cypriot: large cartons 3.00-4.00, small cartons 2.80-3.40; Jaffa: 36/88 3.50-4.90. Apples—French: New crop, Golden Delicious 20 lb 3.00-3.60, 40 lb 5.0-7.60. Starkcrimson 40 lb 6.50-7.50, 20 lb 3.40-3.80, Granny Smith 7.50-8.50; Canadian: Red Delicious 8.00-10.00; *U.S.: Red Delicious* 8.00-13.00; Hungarian: Starking 6.50-7.00. Pears—Dutch: Comice 14 lb, per pound 0.25-0.26; Italian: per pound Passacrassana 0.15. Peaches—S. African: 2.50-3.50; Zimbabwean: 4.00. Nectarines—Chilean: 9.00. Plums—S. African: Santa Rosa, per pound 0.25-0.50, Beauty 0.30-0.50; Chilean: Santa Rosa 0.70. Apricots—S. African: 11 lb, per pound 0.35-0.50. Grapes—Spanish: Almeria 11 lb 3.0-3.40, Negra 4.50-4.80, Alphonse 10-lb box 11.00, S. African: Queen of the Vineyard, 10-lb box 9.00; U.S.: Red Emperor 0.50-0.60; Chilean: Seedless, per box 10.50-11.00. Strawberries—Kenyan: 0.70-0.80; Israeli: 8 oz 0.50-0.80; U.S.: 1.00-1.20. Litchees—S. African: 0.70. Melons—Spanish: Green 10 kg 5.0-7.00, 15 kg A1 13.00; Brazilian: Yellow 7.50-8.00. Pineapples—Ivory Coast: each 0.40-1.20. Bananas—Colombian: per pound 0.18. Avocados—U.S.: large box 8.00; Israeli: 3.00-3.80. Mangoes—Kenkan: 8/16 4.50-5.00; Peruvian: 9.00; Brazilian: 5.00. Dates—Tunisian: 30s 0.45-0.55; U.S.: 0.42-0.43. Tomatoes—Spanish: 1.00-2.00; Canary: 2.50-3.80. Onions—Spanish: Grano 3/5 3.80-4.50. Capsicums—Spanish: Green 4.00, red 5.00; Israeli: red 6.50, green 3.80. Cabbages—Dutch: white 4.50-4.60, red 5.00. Cauliflowers — Jersay: 24s 6.00-8.00; French: 24s 7.00-8.00. Celery—Israeli: 4.60; Spanish: 4.0-5.00. Carrots—Dutch: 22 lb 3.00-3.20, prepacked 4.00; Italian: per pound 0.10-0.12. Lettuces—Dutch: 24s 2.60-3.00, 12s 2.20-2.30. Cucumbers—Canary: 2.00-3.00. Chicory—Belgian: 3 kilos 2.02-2.50. Endive—French: 4.00-5.50. New potatoes—Canary: 28 lb ware 4.50-5.00, mids 5.00; Jersey: 13-lb tubs ware 0.70-0.80, mids 0.70-0.80; Cypriot: 5.30-5.40. Aubergines—Canary: 4.00; Israeli: 6.50; U.S.: 10.00; Kenyan: 4.00. Walnuts—Chinese: per pound 0.40. Fennel—Italian: 5.00.

English Produce: Potatoes—per 55 lb, white 2.60-3.00, red 2.80-3.60, King Edwards 2.80-4.00. Mushrooms—per pound, open 0.30-0.40, closed 0.55-0.70. *Apples—per pound, Bramley 0.18-0.26,* Cox's 0.20-0.32, Spartan's 0.20-0.25. Pears—per pound Conference 0.14-0.21, Comice 0.16-0.25. Cabbages—per 30-lb bag, Celtic/Jan King 1.50-2.00. Lettuces—per 12, round 1.00-1.80. Onions—per 55 lb 40/80mm 2.00-3.00. Carrots—per 26/28 lb 2.00-3.60. Beetroots—per 28 lb, round 1.00-1.40, long 1.50-1.80. Swedes—per net 1.60-2.00. Sprouts—per 20 lb 1.50-2.80. Spring greens—per 25-40 lb Cornish 7.00. Rhubarb—per 10 lb 2.00-2.50.

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 19 1982	+ or −	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$1135/1165	+5	$1125/55
Copper			
Cash h grade	£859.5	+8	£853.25
3 mths	£889.25	+6	£880.75
Cash Cathode	£856.5	+4	£860.75
3 mths	£885.5	+5	£885.25
Gold troy oz	$375.75	+7	$412.25
Lead Cash	£340.75	+12.25	£360.5
3 mths	£353.25	+11.7	£373.75
Nickel	£3757.75		£3676.59
Free Mkt	280/300c		280/300c
Platin'm tr'y oz	£260		£260
Free Mkt	£190.75	−1.25	£204.60
Quicksilver†	$400/415		$410/420
Silver troy oz	417.15p	+0.25	432.10p
3 mths	432.00p	+0.85	450.25p
Tin Cash	£8470	−175	£8800
3 mths	£7895	−70	£8095
Tungsten22.04lb	$135.44		[illegible]
Wolfr'm22.04lbs	$127/131		$130/135
Zinc Cash	£430.75	+7.5	£451.5
3 mths	£437.75	+8.5	£457.75
Producers	$875/850		$930/950
Oils			
Coconut (Phil)	$550y		$600
Groundnut	$690y	+5	
Linseed Crude			
Palm Malayan	$512.5x	−2.5	$485
Seeds			
Copra Philip	$350y		$345
Soyabean (U.S.)	$276z	+0.5	$258
Grains			
Barley Fut.Mar	£108.40	−0.20	£108.00
Maize	£133.50		£132.5
Wheat Fut.Mar	£111.70	−0.65	£112.60
No2 HardWint	£117.10y	−1.25	‡
Other commodities			
Cocoa ship't *	£1267	+16	£1,175
Future May	£1204.5	+4	£1124.6
Coffee Ft' Mar	£1150.0	−5.0	£1129.6
Cotton A.Index	70.15c		67.45c
Gas Oil Feb.	$514	−1.8	$387.70
Rubber (kilo)	50.75p	+0.75	49p
Sugar (Raw)	162yx		£170
Woolt'ps 64s kl.	390p kilo		388pkilo

‡ Unquoted. x March. z Feb. y Jan-Feb. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

AMERICAN MARKETS

NEW YORK, January 19.

THE precious metals continued to decline on commission house liquidation in line with the upward trend in interest rates. Copper continued to attract support in anticipation of U.S. production cutbacks. Cocoa remained firm on short covering in reaction to reports of a smaller Ivory Coast crop. The grain and soyabean complex weakened on heavy long liquidation in response to bearish supply/demand statistics. Heating oil fell again due to higher temperatures in the U.S., reported Heinold.

Copper—Jan 72.50 (72.25), Feb 72.75 (72.50), March 73.60-73.70, May 75.40-75.45, July 77.20-77.25, Sept 78.95, Dec 81.65, Jan 82.55, March 84.30, May 86.05, July 87.80, Sept 89.55.

Potatoes (round whites)—Feb 76.5 (77.0), March 78.6-79.0 (78.5), April 83.6-84.0, Nov 79.8. Sales: 886.

Sugar—No. 11: March 13.29-13.31 (13.29), May 13.55-13.57 (13.54), July 13.74-13.76, Sept 13.97, Oct 14.16-14.17, Jan 14.20-14.30, March 14.72-14.80, May 14.80-14.95. Sales: 5,950.

Tin—686.00-729.00 (690.00-729.00).

Lard—Chicago loose 19.00 bid/19.25 traded.

Live Cattle—Feb 60.22-60.30 (60.95), April 59.45-59.35 (60.32), June 59.70-59.80, Aug 58.45-58.50, Oct 57.27, Dec 58.30.

Live Hogs—Feb 47.50-47.40 (46.80), April 46.40-46.60 (45.50), June 49.85-49.85, July 49.95-50.10, Aug 49.00-48.95, Oct 47.17, Dec 46.50, Feb 48.80.

††Maize—March 268¾-270 (271¾), May 283-282¾ (282¾), July 284¾-284½, Sept 286-286¼, Dec 289½-289¾, March 300¼-301.

Pork Bellies—Feb 65.10-65.25 (63.37), March 65.80-66.20 (64.35), May 67.40-67.60, July 69.00-68.90, Aug 68.25-68.77.

§Soyabeans—Jan 602¼ (604¾), March 628-628½ (632½), May 650-651, July 664-664½, Aug 668, Sept 666, Nov 672¼-673, Jan 687, March 702.

§Soyabean Meal—Jan 192.2-192.6 (195.2), March 190.2-190.5 (194.6), May 192.0-191.8, July 194.0, Aug 195.3-195.5, Sept 195.5-196.0, Oct 195.5-196.0, Dec 199.0.

Soyabean Oil—Jan 18.93-18.94 (19.01), March 19.31-19.32 (19.42), May 19.95, July 20.58, Aug 20.85-20.87, Sept 20.96-21.00, Oct 21.25-21.30, Dec 21.70, Jan 21.86-21.70, March 21.91-21.95.

†Wheat—March 382¾-383 (391¾), May 393-393½ (400¾), July 392-397¾, Sept 404, Dec 426-426½, March 440¼.

*Silver—Jan 872.5 (790.5), Feb 789.2 (793.7), March 792.0-794.0, May 812.5-813.0, July 832.0-833.5, Sept 850.4, Dec 878.5, Jan 889.2, March 908.5, May 927.8, July 947.1, Sept 966.4. Handy and Harman bullion spot: 788.00 (784.50).

*Gold—Jan 370.0 (375.7), Feb 370.5-372.0 (377.0), March 374.7, April 377.0-379.0, June 384.5-386.0, Aug 394.5, Oct 403.7, Dec 410.0-414.0, Feb 422.8, April 432.8, June 442.8, Aug 453.0, Oct 463.2.

WINNIPEG, January 19.

§Barley—March 128.30 (128.80), May 130.30 (130.50), July 131.00, Oct 131.50, Dec 134.00.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. † Cents per troy ounce. †† Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, January 18.

††Cocoa—March 2131 (2095), May 2114 (2092), July 2125, Sept 2135, Dec 2163, March 2193. Sales: 1,676.

Coffee—"C" Contract: March 135.50-135.80 (133.56), May 129.60-129.65 (130.90), July 127.70-127.75, Sept 125.25, Dec 123.00-123.55, March 121.00-121.50, May 118.00-123.00.

Cotton—No. 2: March 65.15-65.22 (65.12), May 66.80-66.90 (66.79), July 68.45-68.50, Oct 70.60-70.85, Dec 71.80, March 73.00-73.25, May 74.15-74.30. Sales: 3,500.

Orange Juice—Jan 143.35 (157.75), March 146.90 (154.90), May 148.90, July 151.00, Sept 152.25, Nov 152.75. Sales: 2,500.

CHICAGO, January 18.

Chicago Imm Gold—March 361.3-380.5 (375.3), June 392.0-392.5 (387.1), Sept 406.0, Dec 418.0, March 434.1, June 448.6, Sept 463.3.

EUROPEAN MARKETS

ROTTERDAM, January 19.

Wheat — (*U.S. $ per tonne*): U.S. No. 2 Dark Winter, 13.5 per cent protein: mid-Jan/mid-Feb 202, mid-Feb/mid-March 208, mid-March/mid-April 211. U.S. No. 2 Red Winter: Jan 168, Feb 171, March 174. U.S. No. 3 Amber Durum: Jan 206, Feb 208, April/May 194, May 194, June 194, July 194, Aug 194. U.S. No. 2 Northern Spring, 14 per cent: Feb 208, March 210, April/May 188, June 188.50, July 189.50. Canadian Western Red Spring: Jan 218, April/May 213.

Maize — (U.S. $ per tonne): U.S. No. 3 Corn, Yellow: Afloat 136, Jan 135, Feb 132, March 120, April/June 131, July/Sept 133, Oct/Dec 134 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: Afloat 270, Feb 267.50, March 266, April 266, May 267, June 268, July 269.50, Aug 270, *Sept 270, Oct 269.75, Nov 269.50, Dec 274.25* sellers.

Soyameal—(U.S. $ per tonne): 44 per cent protein, U.S.: April/Sept 237.50, traded afloat 254, Jan 253, Feb 250, March 248, April/Sept 240, Nov/March 248 sellers. Brazil Pellets: Jan 258, Feb 267, March 268, April/May 249.50, April/Sept 247 sellers.

PARIS, January 19

Cocoa—(FFr per 100 kilos): March 1319-1320, May 1318-1321, July 1335-1346, Sept 1347-1350, Dec 1362-1364, March 1365-1375, May 1370-1380. Sales at call: 3.

Sugar—(FFr per tonne): March 1915-1918, May 1966-1968, July 1970-1985, Aug 2025-2035, Oct 2050-2055, Nov 2050-2060, Dec 2070-2080, March 2105-2120. Sales at call: 3.

INDICES

FINANCIAL TIMES

Jan. 19	Jan. 15	Month ago	Year ago
248.51	249.30	245.88	256.86

(Base: July 1, 1952=100).

MOODY'S

Jan. 18	Jan. 15	Month ago	Year ago
998.5	1004.4	972.4	1203.1

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan 18	Jan. 15	Month ago	Year ago
Spot	126.39	126.55	—	—
Futr's	133.59	133.36	—	—

(Base: December 31, 1974=100)

REUTERS

Jan. 19	Jan. 18	M'nth ago	Year ago
1623.1	1621.8	1607.2	1592.7

(Base: September 18, 1931=100)

★

GRIMSBY FISH — Supply poor, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.50-£4.70; Large plaice £3.40.

Gilt strength continues and short tap stock exhausted

Equity leaders impressive and index at 4-month high

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec 23	Jan 7	Jan 8	Jan 18
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 11	Feb 12	Feb 22

* "New time" dealings may take place from 9.30 am two business days earlier.

Growing expectations that the miners' vote will not sanction strike action against the NCB pay offer imparted all-round strength to London stock markets yesterday. Further heavy buying of Government securities exhausted the authorities' supplies of the short tap issue in the early dealings. Sustained demand enabled the Government broker to sell quantities of the three tranches of longer-dated Gilt-edged created last November, originally of £250m each.

Despite the official sales, longer maturities advanced a point and more as overseas funds continued to swell domestic support attracted by yields still in excess of 16 per cent. Other considerations motivating investors included a further slight easing in short-term money market rates and hopes that other domestic interest rates would follow.

Setbacks at both ends of the Gilt market were short-lived and the ultra-long Exchequer 12 per cent 2013/17 settled 1¼ points up at the day's highest of 84. Among medium life stocks, Treasury 14 per cent 1996 ended similarly better at 89⅞, while the short Treasury 15 per cent 1985 closed ⅜ dearer at 98⅞. Treasury 3 per cent 1985 was the same amount up at 76 and the exhausted tap, Exchequer 14 per cent 1986, ⅜ better at 93⅛; the latter was issued in mid-November at 95¼ and the authorities' supplies ran out yesterday on bids of 93.

Equities shook off Monday's lethargy and gained in confidence throughout the session to close at the day's best. Firmer New York advices overnight encouraged a higher opening, but investors were not deterred by the enhanced prices. Business in many stocks became brisk and although trade faltered later several leading shares notched up double-figure gains.

Illustrating this, the FT Industrial Ordinary share index closed 11.2 up at 545.9, its highest since September 11 last. Properties failed to participate in the advance, being subdued by MEPC's call for £62.3m via a rights issue.

Banks good

Business in Traded options was well distributed among those stocks in issue. Recent favourite Racal attracted 272 deals, with business split evenly between calls and puts. Imperial returned to the fore with 330 calls arranged, while Grand Metropolitan recorded 281 calls, 199 of which were done in the January 180's.

The major clearers returned to favour in the Banking sector, recording double-figure gains following renewed investment support. Barclays put on 15 to 455p, Midland 14 to 346p and NatWest, 400p, and Lloyds, 432p, rose 12 and 10 respectively. Elsewhere, Royal Bank of Scotland, a depressed market since the Monopolies Commission's veto of the Hongkong and Shanghai and Standard Chartered bids, rallied a few pence to 123p, after 125p, on a Press suggestion of a merger with the last-mentioned. Profit-taking in the wake of a Press comment that a bid for the group seems extremely unlikely left Bank of Scotland 10 down at 470p. Grindlays improved further to 216p in the early trade before reacting on profit-taking to finish a net 3 cheaper at 205p. Discount Houses moved higher in sympathy with gilts.

Eagle Star advanced 13 for a two-day rise of 27 at 334p on renewed talk that the German *Allianz* group will bid outright for the company later in the year.

Leading Breweries returned to the fore and closed at the day's best. Grand Metropolitan stood out with a gain of 9 at 190p, while Whitbread, 92p, and Bass, 204p, rose 4 and 6 respectively. Arthur Guinness continued to attract institutional money and closed 4 dearer at 70p. Selected regionals continued to respond to bid speculation, Matthew Brown hardening 4 to 155p and Border adding a like amount to 86p.

Selected leading Buildings displayed renewed firmness and stock shortage exaggerated some gains. Tarmac put on 14 to 416p on talk of a broker's circular, while Blue Circle firmed 10 to 524p and BPB Industries 8 to 334p. Among Contracting and Construction issues, Taylor Woodrow advanced 12 to 532p and John Laing 4 to 83p. Timbers made good progress on optimism about interest rates, Magnet and Southerns rising 6 for a two-day gain of 14 to 146p and International 3 to 84p. Elsewhere, Countryside put on 3 to 114p in response to good preliminary results, but Allied Residential shed a penny to 21p on the Board's announcement that profits will fail to meet the prospectus forecast.

Business in ICI was small, but the price closed 6 higher at 320p, after 322p. Fisons added 5 to 160p following the announcement that the company had acquired the remaining 50 per cent of Fisons Western Corporation for C$8.5m. Croda International, in receipt of a 70p per share cash from Burmah Oil, shed 2 to 73p pending developments.

MFI give ground

Interest in Stores was largely confined to secondary issues. Better-than-expected first-half earnings from MFI Furniture were offset by the chairman's bearish remarks on current trading, and the shares, a firm market in front of the announcement, reacted to close 4 cheaper at 57p. Other D-I-Y issues were irregular; A. G. Stanley were wanted at 51p, up 4, but Home Charm eased the turn to 123p. The TV/video rental deal with Rediffusion promoted further support of Dixons Photographic, 7 up for a two-day gain of 10 at 165p: Rediffusion firmed 4 more to 176p. Renewed speculative interest lifted Ellis and Goldstein 2½ to 24½p, A. Goldberg, 3 to 60p, and Peters, 6 to 82p. The leaders retained a selectively firm appearance.

Leading Electricals contributed to the firm market trend. Good early buying, some of which was on institutional account, promoted gains of 12 and 15 respectively in Plessey, 352p, and GEC, 820p. BICC put on 8 to 280p and Thorn EMI 5 to 442p. A weak market since last week's interim statement, Racal picked up 6 to 383p. Elsewhere, Standard Telephones and Cables attracted buyers and moved up 18 to 453p, while persistent investment support helped Cable and Wireless to advance 8 afresh to 234p.

Further selective buying was evident in the Engineering sector. Hawker Siddeley stood out in the leaders with a rise of 10 to 326p, while GKN firmed 6 to 176p and Vickers edged up 3 to 155p. Revived demand in a limited market left Chemring 7 to the good at 275p. Haden improved a similar amount to 207p, while support was forthcoming for Delta, up 2½ at 46½p, and IML 1½ dearer at 58p.

Leading Foods attracted good support in early dealings, but closed below the best as interest faded. Associated British Foods touched 157p before closing just 2 dearer on balance at 153p, while Unigate finished only a penny firmer at 114p, after 117p. Tate and Lyle, preliminary results due today, reverted to the overnight level of 210p, after 212p, but Cadbury Schweppes added 2 for a two-day gain of 5 to 91p on overseas earnings considerations.

Demand in front of annual results due today lifted Trusthouse Forte 6 to 122p.

Inspired by a buoyant gilt-edged market, the miscellaneous industrial leaders advanced smartly. Institutional support was evident in the early dealings and helped Reed International to close 14 higher at 266p; the third-quarter figures are due on February 2. Glaxo put on 12 to 466p and Unilever 10 to 635p. Elsewhere, Sidlaw Industries jumped 15 to 243p on the annual report and AGB Research gained 7 to 277p in response to the satisfactory interim results. Diploma Investments added 9 afresh to 215p. Still hoping that Mr Gerald Ronson's *Heron Corporation will persist in its efforts to gain control of* Associated Communications Corporation and *confirmation* in the afternoon that a third suitor had appeared on the scene, ACC moved up 2 more to 70p. Against the trend, British Cinematograph Theatres fell 7 to 43p on the interim deficit.

Motor Components attracted renewed support and often finished with useful rises. Lucas closed 9 up at 231p, while Dowty, 135p, and Dunlop, 67p, firmed 5 and 3 respectively.

The announcement at the outset of a £62.3m rights issue prompted a sharp reaction in MEPC which dropped to 205p before rallying to close a net 11 down at 214p. British Land, standing at 51p awaiting the interim figures, touched 52p following the announcement before closing a net 4 up on the former price. Revived speculative interest lifted Westminster Property 1½ to 32½p, while annual profits in line with market estimates left Espley-Tyas a penny dearer at 82p.

Oils subdued

Oils remained subdued, but treaded a little harder with British Petroleum and Shell both rising a couple of pence to 302p and 380p respectively. Among the exploration issues, Sun (UK) Royalty attracted further support and rose 10 more to 160p, while Clyde improved a similar amount to 140p.

Trusts moved ahead on a broad front, reflecting the fairly widespread advance in equities. Caledonia Investments moved up 17 to 315p in sympathy with the rise in British and Commonwealth, 13 higher at 345p. Lofs put on 3½ to 59p.

Interest revived in Money brokers, Mercantile House improving 14 to 412p and R. P. Martin 7 to 305p. Elsewhere in Financials, buying in a difficult market left Aitken Hume 20 higher at 185p.

Movements in Textiles were again usually attributable to special situations. Stroud Riley Drummond continued to draw strength from the pleasing interim statement and added 2 for a two-day gain of 4½ to 48p. George Spencer remained a firm market reflecting revived takeover speculation and closed 3 dearer at 27p. Allied Textile, preliminary results expected next Monday, rose 6 to 154p.

Bats, the subject of favourable press comment over the weekend, rose 7 for a two-day gain of 22 at 380p.

Golds edge higher

Mining markets managed to make modest headway in generally quiet trading. South African Golds edged higher, boosted by the firmer bullion price and the improved December quarter profits from the mines in the Barlow Rand group. The gold price closed $3 up at $375.50 an ounce.

Among the mines in the Barlow Rand group, Durban Deep rose 19 to 739p and Blyvoor 8 to 475p. Elsewhere in Golds, the heavyweights were featured by President Steyn, ½ firmer at £13¼, and St Helena, ¼ to the good at £14¼. The Gold Mines index moved up 4.7 to 271.5.

London Financials made good progress at the outset as widespread buying followed the sharp gains in UK equities and the improvement in metal prices. However, profit-taking pared the gains by the close.

Rio Tinto-Zinc closed 9 better at 425p, after 427p, and Gold Fields 2 harder at 445p, after 448p. Consolidated were particularly vulnerable towards the close and ended a net 2 cheaper at 235p, after 240p.

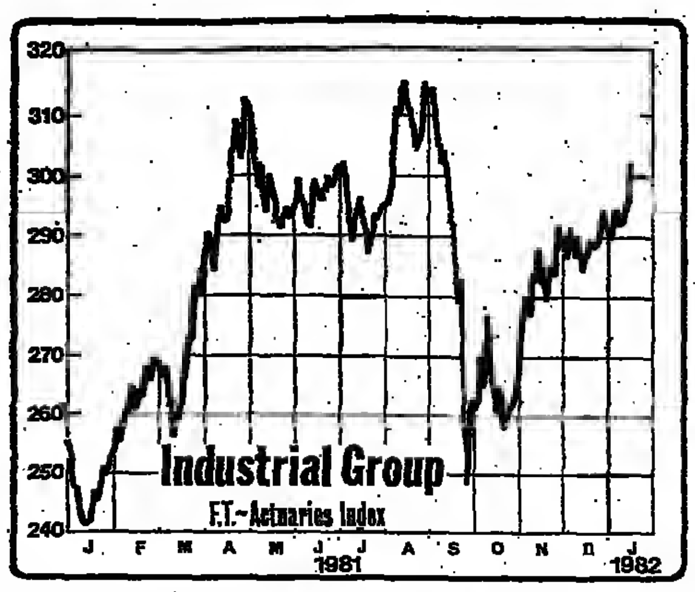
Australians regained some of the ground lost in recent weeks with sentiment much improved by the trend in metal prices and the sizable oil flows from the Goodwyn 6 appraisal well drilled on the North West Shelf.

Woodside Petroleum, which has a 50 per cent interest in the well, moved up 4 to 66p.

Elsewhere in oil and gas issues, Claremont rose 3 to 79p but Santos gave up 10 to 355p and Strata Oil 2 to 46p; Strata's 26.95 per cent-owned Woodada No. 5 well has been spudded in the Perth Basin.

Golds were well supported with GMK recovering 20 to 310p, *Poseidon* 5 up at 125p and North Kalgurli 4 firmer at 61p. The leading base-metal stocks showed *Western Mining* 6 better at 222p, MIM Holdings 7 stronger at 176p and Renison 5 harder at 240p.

Meekatharra continued to advance, closing 7 up at a 1981-82 high of 190p—*a rise of 22* since last Thursday's share split and scrip issue.



FINANCIAL TIMES STOCK INDICES

	Jan. 19	Jan. 18	Jan. 15	Jan. 14	Jan. 13	Jan. 12	A year ago
Government Secs	63.61	62.96	62.57	62.24	62.30	61.92	66.53
Fixed Interest	63.68	63.22	62.96	62.85	62.60	62.80	70.36
Industrial Ord	545.9	534.7	531.9	527.2	527.3	524.5	458.6
Gold Mines	271.5	266.8	273.8	265.8	271.0	284.5	353.0
Ord. Div. Yield	5.52	5.63	5.65	5.70	5.69	5.72	7.85
Earnings, Yld.% (full)	9.75	9.93	9.96	10.01	10.00	10.05	17.52
P/E Ratio (net) (*)	13.12	12.85	12.80	12.76	12.76	12.71	6.99
Total bargains	20,587	19,116	14,886	13,927	15,166	19,205	20,061
Equity turnover £m.	—	107.89	100.73	85.59	95.99	107.22	76.66
Equity bargains	—	14,016	10,012	10,754	10,836	12,301	11,486

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

10 am 539.1. 11 am 542.9. Noon 542.5. 1 pm 542.6. 2 pm 543.3. 3 pm 544.4.

Latest Index 01-246 8026.

* Nil=11.73.

HIGHS AND LOWS

	1981/2 High	1981/2 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/4/81)	60.17 (26/10/81)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/4/81)	61.61 (26/10/81)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4/81)	446.0 (14/1/81)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	429.0 (14/3/81)	262.6 (28/9/81)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 18	Jan. 15
Daily Gilt Edged Bargains	248.0	186.7
Equities Bargains	90.8	70.7
Value	217.7	203.6
5-day Avrge. Gilt-Edged Bargains	163.8	148.5
Equities Bargains	76.9	70.1
Value	201.0	194.9

NEW HIGHS AND LOWS FOR 1981/2

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981-82.

NEW HIGHS (44)

BRITISH FUNDS (4)
Exchq. 5½pc '82-84, Treas. 3pc 1985, Exchq. 3pc 1984, Exchqr. 15pc 1997

COMMONWEALTH LOANS (1)
Aust. 5½pc 1981-82

LOANS (1)
FFI 11½pc Uns. Ln. 1990-92

AMERICANS (1)
IBM Corp.

BEERS (1)
Greene King

BUILDINGS (2)
BPB Inds., Countryside

CHEMICALS (4)
Allied Colloids, Int. Paint, Hickson & Welch, Laporte Inds.

DRAPERY & STORES (1)
Brown (N.)

ELECTRICALS (6)
BSR, M.K. Electric, Cable & Wireless, Scholes (G. H.), Jones Stroud, Utd. Scientific

ENGINEERING (1)
Baker Perkins

FOODS (4)
Belam, Sainsbury (J.), Low (Wm.), Tate & Lyle

INDUSTRIALS (10)
AGB Research, London & Liverpool, Baxter Travenol, Peerless, Black Arrow, Pritchard Services, Black (P.), Sketchley, Glaxo, Wolseley-Hughes

LEISURE (2)
HTV, Horizon

SHIPPING (2)
Brit. & Com'wealth, London & Overseas

SHOES (1)
Headlam Sims

TEXTILES (1)
Stroud Riley

MINES (1)
Meekatharra

NEW LOWS (9)

AMERICANS (1)
Utd. Tech

ELECTRICALS (2)
Newman Inds., Scan Data

INDUSTRIALS (1)
B.H. Prop.

OIL & GAS (1)
Tri Basin Res.

MINES (4)
Minorco, Falcon, Coronation, Northgate

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	87	—	4
Corpns. Dom. & Foreign Bonds	44	—	28
Industrials	437	90	830
Financial & Props.	251	27	234
Oils	32	22	51
Plantations	6	—	21
Mines	72	28	68
Others	41	22	37
Totals	965	245	1,273

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan 18	Jan 29	Apr 29	May 10
Feb 1	Feb 12	May 13	May 24
Feb 22	Mar 5	Jun 3	July 14

For rate indications see end of Share Information Service

Stocks favoured for the call included Eagle Star, Lee Cooper, Woodside, Tricentrol, Town and City Properties, FNFC, Rothmans International, RHM, Burmah, Associated Dairies, Ocean Transport and Trading, Pilkington and Flair Resources. No puts were reported, but doubles were completed in BP, GKN and Woodside.

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1981/2 High	1981/2 Low	Stock	Closing price p	+ or −	Div. amount	Times covered	Gross yield	P/E ratio
§30	F.O.	—	30	29½	Asset Spcial 10p	29½	......	—	—	—	—
100	F.P.	—	98	96	Baillie Gifford J'n Tst	97	......				
82	F.P.	22/1	86	82	Cussins Prop. 20p	83	−2	b4.8	2.6	8.4	5.1
‡	F.P.	—	335	315	‡Eldridge Pope £1	330	−5	9.5	2.9	4.2	10.0
80	F.P.	13/1	84	81	‡Equiou. 10p	83	+1	bd3.1	2.1	5.5	12.8
—	F.P.	—	10	8	F&C Enter. Warrants	8	......	—	—	—	—
58½	F.O.	—	59½	58½	Fledgeling Invs.	60	......	2.18	1.0	5.2	—
150	F.O.	4/1	165	156	‡Hayters £1	158	+1	b10.5	1.8	9.5	7.3
‡‡	F.O.	—	53	52	‡Malaysian Tin 5p	52	......	—	—	—	11.4
U$55.90	F.P.	—	305	270	Newmarket (1981) 5c	262	+2	—	—	—	—
§10	F.P.	—	18	14	‡Owners Abroad 10p	17½	−½	b0.5	3.1	4.4	9.5
‡‡	F.P.	—	9	4½	Peak Hldgs.	7½	......	—	—	—	5.1
118	F.P.	—	120	117	Speyhawk 10p	117	......	bd7.0	2.5	8.5	5.3
—	F.P.	—	5	3½	Vinars 1p	3½	......	—	—	—	—
46	F.P.	—	49	47	‡York Mount	48	......	b4.51	3.0	13.4	2.0

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1981/2 High	1981/2 Low	Stock	Closing price £	+ or −
27.48	£25	—	26½	25	Caisse Nat. Des Auto. 16% Gtd. Ln. 2006	25½	+1½
100	F.P.	25/2	104	102	Essex Water 10% Red. Prf. 1986	104	......
‡‡	F.P.	—	93	86	Habitat 9½% Conv. Uns. Ln. '98-2001	93	+1
‡	F.P.	—	107	102	Haslemere Est 9pc Conv Uns Ln. 2001/06	105	......
§100	F.P.	—	100½	99	Nat'wide Bdg. Society 15¾% Bds (24/11/82)	99	+¼
§100	F.P.	—	100	99¼	Do. 15½% Bds. (13/12/82)	99¼	+¼
§100	F.P.	—	100	99¾	Do. 15¼% (17/1/83)	100	+¼
69	F.P.	—	78	64	Pennine Comm. 12pc Conv. Uns. Ln. 1997	66	......
70	F.P.	—	81	54	Do. 15½pc Uns. 1986	80	......
100	F.P.	—	101¼	100	Telfos 12% Cnv. 1991	101	+1
—	F.P.	—	106	114	Vloers 10% Cnv. Loan 1989	105	......

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date		1981/2 High	1981/2 Low	Stock	Closing price p	+ or −
7½	F.P.	31/12	20/1	9½	7½	Abwood Mach. 7½p	8	......
142	F.P.	29/12	29/1	168	155	Brown (M)	168	+2
2.5A$	Nil	—	—	92pm	65pm	C S R A$1	55pm	......
15	Nil	—	—	3pm	1pm	‡Carlton Real Ests. 10p	2pm	......
162	F.P.	23/12	21/1	183	178	Great Portland Estates 50p	178	−4
R.3.	Nil	—	—	20pm	20pm	Griqualand 5 cts.	20pm	......
23	Nil	—	—	10½pm	7pm	I.C.L.	10½pm	+5
180	Nil	—	—	42pm	32pm	Kwik Save 10p	42pm	+4
44	F.P.	—	—	53	48	Lennons Grp. 10p	53	+1
50	F.P.	17/12	21/1	54	50	Strong & Fisher	51	......
25	F.O.	—	—	29	26	Telfos 20p	28	......
30 cts	Nil	10/12	26/1	117pm	105pm	T N T 50c	105pm	+2
50	F.P.	—	—	58	32	Wearwell 5p	54	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. m Interim since increased or resumed. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 198[illegible]. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡‡ Unlisted Securities Market. ¶ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a).

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Aitken Hume	185	+20	Eagle Star	334	+13
BAT Inds.	380	+13	Lucas Inds.	231	+9
Brit. & Commonwlth.	345	+13	MEPC	214	−11
Cable and Wireless	234	+8	Sidlaw	243	+15
Commercial Union	126	+3	Tarmac	416	+14
Delta Group	46½	+2½	Woodside	66	+4

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List.

Stock	No. of price changes	Monday's closing price pence	Day's change	Stock	No. of price changes	Monday's closing price pence	Day's change
Ryl. Bk. Scot.	12	120	+1	Racal Elec.	10	376	+7
Eagle Star	12	321	+14	Shell Trans.	10	378	+4
BAT	12	367	+5	[illegible]	9	373	+3
Habitat	11	118	+5	BP	9	300	—
ICL	11	33	+1	Deveniah (J. A.)	9	[illegible]	+35
Bank Scotland	10	480	+10	LASMO	8	355	[illegible]
GUS "A"	10	468	+5	ICI	8	314	−2

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Tue Jan 19 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon Jan 18 Index No.	Fri Jan 15 Index No.	Thur Jan 14 Index No.	Wed Jan 13 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (210)	360.43	+1.8	9.65	4.42	12.87	354.14	352.37	351.14	353.44	277.57
2	Building Materials (25)	313.80	+2.0	14.39	5.47	7.94	307.59	303.90	299.95	297.58	244.35
3	Contracting, Construction (28)	552.62	+0.9	16.93	5.12	6.90	547.55	543.24	542.60	542.12	415.43
4	Electricals (30)	1233.84	+2.0	7.44	2.33	17.17	1209.00	1200.31	1205.68	1224.99	904.12
5	Engineering Contractors (9)	509.79	+1.0	13.12	5.55	8.86	504.62	502.84	504.57	503.40	374.46
6	Mechanical Engineering (67)	195.52	+1.6	10.83	5.59	11.76	192.42	190.47	190.30	190.83	165.43
8	Metals and Metal Forming (12)	168.53	+2.6	7.46	7.22	18.56	164.23	162.29	161.00	162.11	131.54
9	Motors (21)	98.14	+2.8	—	6.78	—	95.44	94.95	94.72	95.43	87.26
10	Other Industrial Materials (18)	375.68	+0.9	8.84	6.16	13.83	372.46	372.40	370.75	371.69	286.73
21	CONSUMER GROUP (198)	279.24	+2.0	13.00	5.92	9.43	273.82	271.76	269.35	269.39	231.94
22	Brewers and Distillers (21)	274.34	+3.2	17.87	7.11	7.05	265.78	262.94	261.83	262.87	253.77
25	Food Manufacturing (21)	276.45	+1.6	15.04	6.16	8.00	272.01	270.34	269.56	268.94	208.84
26	Food Retailing (15)	573.91	+2.2	9.20	3.47	13.16	561.68	559.57	555.86	554.72	468.92
27	Health and Household Products (7)	366.46	+2.1	8.53	4.36	13.77	358.95	357.80	351.23	351.61	250.50
29	Leisure (24)	423.79	+2.5	9.86	5.20	12.56	413.60	413.37	410.58	409.83	332.75
32	Newspapers, Publishing (12)	483.92	+1.0	12.31	6.23	10.92	479.06	474.95	472.39	473.00	405.07
33	Packaging and Paper (13)	138.31	+2.0	14.68	7.77	8.12	135.65	134.91	132.54	132.47	118.76
34	Stores (45)	251.00	+1.3	11.47	5.38	11.64	247.86	246.27	243.86	243.54	242.37
35	Textiles (23)	159.68	+1.7	9.96	6.21	12.94	157.07	157.06	155.74	155.18	122.86
36	Tobaccos (3)	275.62	+2.0	21.00	9.46	5.47	270.18	261.56	257.58	257.40	195.05
39	Other Consumer (14)	262.46	+1.6	7.34	6.88	22.57	258.28	257.56	257.29	255.77	236.44
41	OTHER GROUPS (79)	241.75	+1.7	10.57	5.78	12.02	237.66	237.35	235.31	234.92	206.95
42	Chemicals (16)	321.78	+1.7	5.66	5.63	27.64	316.34	318.23	314.18	312.51	272.36
44	Office Equipment (4)	119.76	+1.4	15.27	7.35	7.83	118.09	116.97	117.08	119.42	95.23
45	Shipping and Transport (13)	560.42	+1.6	19.12	6.57	6.22	551.40	546.31	540.97	537.99	529.11
46	Miscellaneous (46)	298.36	+1.8	12.28	5.41	9.98	293.55	292.12	290.13	290.31	252.17
49	INDUSTRIAL GROUP (487)	301.91	+1.9	11.40	5.33	10.85	296.38	294.19	292.68	293.36	245.85
51	Oils (13)	707.32	+0.5	20.13	7.98	5.63	703.50	706.55	697.10	699.35	891.97
59	500 SHARE INDEX	334.87	+1.6	12.87	5.78	9.39	329.47	328.17	325.54	326.27	286.20
61	FINANCIAL GROUP (118)	249.44	+1.5	—	6.11	—	245.77	244.65	245.86	246.62	228.84
62	Banks (6)	274.69	+3.0	32.88	6.88	3.66	266.79	267.24	271.68	279.27	234.32
63	Discount Houses (9)	220.13	+2.1	—	10.06	—	215.59	223.76	232.05	232.05	297.41
65	Insurance (Life) (9)	252.42	+2.6	—	6.34	—	246.11	244.53	244.79	245.86	228.69
66	Insurance (Composite) (10)	155.38	+1.9	—	8.62	—	152.48	149.62	150.24	151.28	142.96
67	Insurance Brokers (8)	421.48	+0.9	11.04	5.77	12.27	417.67	417.75	418.16	410.59	294.21
68	Merchant Banks (12)	149.22	+0.1	—	5.47	—	149.13	148.61	149.15	148.54	143.07
69	Property (49)	435.99	−0.1	5.07	3.35	26.35	436.68	436.75	437.02	437.40	442.82
70	Other Financial (15)	179.20	+0.9	15.82	6.02	7.72	177.67	176.82	175.66	175.57	166.79
71	Investment Trusts (111)	292.47	+2.2	—	5.53	—	286.18	284.08	284.12	285.15	272.57
81	Mining Finance (4)	221.26	+1.1	15.57	6.42	7.73	218.76	218.90	218.85	221.43	215.65
91	Overseas Traders (17)	412.94	+1.1	12.54	7.71	9.76	408.45	404.75	404.00	402.27	424.75
99	ALL-SHARE INDEX (750)	314.56	+1.6	—	5.87	—	309.52	308.22	306.67	307.45	282.43

FIXED INTEREST

	PRICE INDICES	Tue Jan 19	Day's change %	Mon Jan 18	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	106.24	+0.39	106.15	0.32	1.07
2	5-15 years	100.64	+1.17	99.77	0.29	1.23
3	Over 15 years	102.93	+1.36	101.55	—	0.24
4	Irredeemables	111.81	+0.99	110.71	—	0.00
5	All Stocks	102.92	+0.98	102.12	0.20	0.84
6	Debentures & Loans	79.19	+0.66	78.68	—	0.26
7	Preference	62.20	+0.10	62.14	—	0.11

	AVERAGE GROSS REDEMPTION YIELDS		Tue Jan 19	Mon Jan 18	Year ago (approx.)
	British Government				
1	Low	5 years	12.77	12.96	11.67
2	Coupons	15 years	13.89	14.07	12.46
3		25 years	13.76	13.92	12.52
4	Medium	5 years	15.82	16.01	13.45
5	Coupons	15 years	15.55	15.77	14.01
6		25 years	14.96	15.19	13.79
7	High	5 years	15.75	15.92	13.47
8	Coupons	15 years	15.75	15.97	14.36
9		25 years	15.33	15.55	14.01
10	Irredeemables†		13.26	13.38	12.91
11	Debs & Loans	5 years	16.75	16.93	14.62
12		15 years	16.62	16.76	14.54
13		25 years	16.53	16.63	14.45
14	Preference		15.66	15.66	14.58

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

L & C Unit Trust Management Ltd.
The Stock Exchange, London EC2N 1HA. 588 2800

Legal & General (Unit Tst. Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)
Registrar's Dept., Goring-by-Sea, Worthing, West Sussex. 01-623 1288

Lloyd's Life Unit Tst. Mngrs. Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114

Local Authorities' Mutual Invest. Tst.*
77, London Wall, EC2N 1DB. 01-588 1815
*Unauthorised. Available only to Local Authorities.

INSURANCE PROPERTY BONDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1981-82 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
107	99¼	Treasury 14pc '82‡‡	99²⁷⁄₃₂	+1⁄32	14.02	14.73
99¹³⁄₁₆	98	Treas. Variable '82‡‡	99¹¹⁄₁₆	......	15.07	15.28
97⅝	93⅛	Treasury 8¼pc '82	97⅞	......	0.47	14.42
96	93⅛	Exch. 9¼pc 1982	96	+⅛	9.60	15.08
95⅝	92⅛	Exch. 8¼pc 1983	95⅛	+⅛	9.19	14.34
92¼	84⅞	Exch. 3pc 1983	92¼xd	+¼	3.25	10.78
99⅛	95	Treasury 12pc 1983‡‡	96⅞	+⅛	12.38	15.80
99⅜	96⅛	Treas. Variable '83 ‡‡	99	......	15.11	15.32
94½	90⅛	Treasury 9½pc '83	94½	+¼	9.78	13.47
101	95¼	Exch. 13½pc '83	98⅛	+⅛	13.75	14.64
94⅛	89¼	Exch. 10pc 1983	93⅛	+¼	10.73	14.23
88¼	83½	Funding 5½pc '82-84‡‡	88¼	+¼	6.19	12.03
96¼	90	Exch. 11¼pc 1984	94xd	+⅛	11.96	14.74
103	95¼	Exchequer 14pc 1984	98	+⅜	14.28	15.81
83½	77	Exch. 3pc 1984	83½	+⅜	3.59	10.96
98¼	90½	Treasury 12pc 1984	92⅞	+⅝	12.92	15.29
107¼	95⅞	Treasury 15pc 1985	98⅞xd	+⅝	15.17	15.53
98⅞	88¼	Exch. 12pc Cnv. '85	90⅞	+¼	13.20	15.74
76	71	Treasury 3pc 1985	76	+⅝	3.94	11.93
96	85¼	Treasury 11½pc 1985	89⅛	+⅜	12.90	15.68
98⅞	87⅞	Exch. 12¼pc 1985	90	+½	13.61	15.79
97⅛	84¼	Exch. 11¾pc '86	88xd	+⅞	13.35	15.88
71½	65¼	Treasury 3pc 1986	71½	+½	4.19	11.54
97	84½	Treasury 12pc '86	88	+⅝	15.63	15.88
88⅝	78½	Treasury 8¾pc '84-86‡‡	83¼	+⅝	10.39	14.15
95⅝	91⅞	Exch. 14pc 1986	93⅛	+¼	15.03	16.10
Five to Fifteen Years						
103⅞	90	Exch. 13¼pc 1987	92½xd	+⅝	14.37	15.53
81¼	71⅛	Funding 6½pc '85-87‡‡	75¼	+¼	8.74	13.44
64⅝	64½	Treasury 3pc 1987	64⅝	......	4.65	12.03
91	81½	Treas. 12pc 1987	88	+¼	14.04	13.91
81⅛	72¼	Treasury 7¾pc '85-88‡‡	74⅜xd	+¼	10.40	14.19
65½	58⅝	Transport 3pc '78-88	62⅛	+⅝	4.84	11.52
92¼	79	Treasury 11½pc 1989	80½xd	+⅝	14.10	15.97
67¼	59⅜	Treasury 5pc '86-89	64⅝	+¼	7.89	12.54
101½	85¼	Treasury 13pc 1990‡‡	87⅞xd	+⅜	14.82	15.76
95	81⅝	Exch. 12½pc 1990	88⅜	+1	14.83	16.00
80⅞	69⅞	Treasury 8¼pc '87-90‡‡	72	+¼	11.58	14.23
93⅛	77¼	Treasury 11¾pc 1991	80½	+¾	14.65	15.98
66¼	57	Funding 5¾pc '87-91‡‡	61⅛	+¾	9.59	15.46
90	72⅝	Exch. 11pc 1991	79	+⅞	14.40	15.81
98⅜	81¼	Treasury 12¾pc '92‡‡	84⅞xd	+1	15.00	13.79
82⅞	69⅞	Treasury 10pc 1992	73¼xd	+1	13.76	15.46
94⅝	79	Exch. 12¼pc '92	80⅞xd	+1⅛	14.92	15.82
101⅜	84¼	Exchequer 13½pc '92	91¼	+1⅛	15.46	15.99
96¼	79¼	Treasury 12½pc '93‡‡	83⅜	+1⅛	15.02	15.72
63⅞	53¼	Funding 6pc 1993‡‡	58⅞	+¾	10.65	13.56
105¼	84	Treasury 13¾pc 1993‡‡	91	+1⅛	15.48	15.85
107¼	90⅜	Treasury 14½pc '94‡‡	98¼	+1⅛	15.65	15.88
104¼	82⅞	Exchequer 13½pc 1994	89¼	+1⅛	15.58	16.00
95⅝	79¼	Exch. 12½pc 1994	81¼xd	+1⅛	13.17	15.79
79¼	63¼	Treasury 9pc '94‡‡	69	+⅞	13.34	14.70
84⅝	75⅞	Treasury 12pc '95	79½xd	+1¼	15.06	15.71
51¼	42	Gas 3pc '90/95	44	+½	6.92	11.37
83	68	Exch. 10¼pc 1995	71xd	+1	14.43	15.42
100⅛	79½	Treasury 12¾pc '95‡‡	86¼	+1¼	15.18	15.59
104⅜	85⅝	Treas. 14pc '96	89⅜xd	+1¼	15.65	15.90
76¼	63¼	Treasury 9pc '92/96‡‡	69¼	+⅞	15.61	14.76
115⅝	91⅝	Treasury 15¼pc '96‡‡	99⅝	+1¼	15.82	15.89
103½	82	Exchequer 13¼pc '96‡‡	89	+1¼	15.29	15.61
100¼	90¼	Treas. 2pc I.L. '96‡‡	95¼	+1	2.31	3.06
50¼	42⅞	Redemption 3pc 1986-96	44⅞	+½	6.82	10.61
Over Fifteen Years						
101⅛	82¼	Treasury 13¼pc '97‡‡	86½xd	+1¼	15.30	15.59
83⅞	69½	Exchequer 10½pc 1997	71¾xd	+1	14.52	15.26
74¼	62⅛	Treasury 8¾pc 1997‡‡	67¼	+¾	13.59	14.58
97⅞	92¼	Exch. 15pc 1997	97⅞	+1	15.87	15.94
65⅝	51⅛	Treasury 6¾pc '95-98‡‡	56½	+¾	12.26	13.72
114½	94½	Treas. 15½pc '98‡‡	102⅝	+1¼	15.83	15.84
95⅛	74⅝	Exch. 12pc 1998	81⅜	+1¼	15.11	15.45
79⅞	65½	Treasury 9½pc 1999‡‡	68¼xd	+⅞	13.94	14.63
94	76⅝	Exch. 12¼pc 1999	84⅛	+1	15.22	15.52
86¼	67⅝	Treasury 10½pc 1999	73⅞	+1	14.66	15.17
100	81¾	Treas. 13pc 2000	85¼	+1¼	15.28	15.48
107¼	85	Treas. 14pc '98-01	91⅞	+1¼	15.62	15.72
93¼	75⅞	Exch. 12pc '99-02	79½xd	+1¼	15.08	15.30
104⅞	85¼	Treas. 13¾pc 2000-03	88¼xd	+1¼	15.46	15.55
90	73½	Treasury 11½pc '01-04	81⅛	+1¼	14.88	15.06
41⅛	35	Funding 3½pc '99-04	34½	+¾	10.36	11.97
99¼	78	Treasury 12½pc '03-05	84¼	+1⅛	15.11	15.19
91¼	86⅜	Treas. 2pc IL '06‡‡	90¾xd	+1	2.03	2.70
68¼	56¼	Treasury 8pc '02-06‡‡	61⅞	+¾	13.43	15.78
92½	75¼	Treasury 11¾pc 03-07	78⅝xd	+1¼	14.93	15.04
103⅛	84¾	Treas. 13½pc '04-08	92⅞	+1¼	15.23	15.27
50⅝	41⅛	Treasury 5½pc '08-12‡‡	46	+⅝	12.49	12.85
66¼	55¼	Treasury 7¾pc '12-15‡‡	57¾xd	+¾	13.39	13.53
98⅛	79⅜	Exch. 12pc '13-'17	84	+1¼	14.50	14.51
Undated						
33¼	27⅞	Consols 4pc	28½xd	+¼	14.16	—
32¼	24⅞	War Loan 3½pc‡‡	27⅛	+¼	13.14	—
37⅝	30½	Conv. 3½pc '61 Aft.	32⅞	+¼	11.10	—
25	20⅛	Treasury 3pc 66 Aft.	21¾	+¼	14.37	—
21⅛	17⅞	Consols 2½pc	18⅝	+¼	13.50	—
21	16¼	Treasury 2½pc	18½	+¼	14.09	—

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

1981-82 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅝	90½	Finland 14½pc Ln 1986	93	+¼	15.59	16.84
94½	87	Int. Bank 5pc '77/82	94½	......	5.29	15.52
99	89	Do. 13½pc Ln 1986	91½	+½	14.75	16.31
100¼	94⅞	Mex 16½pc 2008	98¾	+½	16.71	17.76
100	88¼	Sweden 13½pc 1986	91	+¼	14.84	16.55

CORPORATION LOANS

1981-82 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
93½	83¾	Bath 11¼pc 1985	86	+¼	13.12	16.43
98	88¼	Birm'ham 12½pc 1985	90¼	+¼	13.85	16.33
102	86	Burnley 13pc 1987	88½	+1½	14.98	16.81
95½	80¼	Cardiff 11pc 1986	83	+½	13.25	16.23
100⅛	97¼	G.L.C. 12½pc '82	98⅝	+⅛	12.66	16.17
99	93½	Do. 12½pc 1983	95¼	+1	13.05	15.74
95½	92½	Glasgow 9¼pc '80-82	95⅛	+½	9.71	15.64
75½	67½	Herts 6½pc 1985-87	69xd	+½	9.75	15.15
98¾	79¾	Leeds 13½pc 2006	87½	+1¼	16.18	16.23
91½	86	Liverpool 9½pc '80-84	88	+⅛	11.00	16.14
26	21½	D. 3½pc Irred.	22½	+1	13.98	—
100½	94½	Lon. Corp. 13¼pc '83	96	+¼	13.80	15.82
88¼	82¼	Do. 9½pc '84-85	82¾	+½	11.18	15.55
80¼	78	LCC 5½pc '82-84	80	+½	6.90	15.62
71¼	63¼	Do. 5½pc '85-87	65¼	+½	8.58	15.36
70¼	56	Do 6¾pc '88-90	57¾	+1	11.71	16.07
23¼	18¼	Do. 3pc '20 Aft.	20½	+½	15.14	—
97¼	89½	Sunderland 12¼pc 1984	91½	+¼	13.39	15.97

COMMONWEALTH AND AFRICAN LOANS

1981-82 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99¼	92¼	Aust. 5½pc '81-82	99¼	+⅛	5.60	15.24
87½	82½	Do. 6pc 1981-83	86½	+¼	7.00	15.07
67¼	57	N.Z. 7¼pc 1988-92	58	+¼	12.58	15.59
81¼	74	Do. 7½pc '83-86	75¼	+¼	10.06	15.71
141	115	S. Rhod. 2½pc Non-Ass.	136	......	—	—
63	43	Do. 3½pc 80-85 Asstd.	63	......	5.67	18.40
43	26	Do. 4½pc 87-92 Asstd.	33xd	......	13.64	20.40
395	320	Zimbabwe Ann (£100pa)	396	......	—	25.86

LOANS

1981-82 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
Public Board and Ind.						
64	57¼	Agric. Mt. 5pc '59-89	58	+¼	0.66	14.44
29½	23¾	Met. Wtr. 3pc 'B'	25¼	......	12.45	14.81
114	97	U.S.M.C. 9pc 1982	105	......	8.57	—
97¼	91	Do. without Warnts.	95	+½	9.47	—
Financial						
101½	94¼	FFI 14pc '83	96¾	+¼	14.46	16.01
95½	88½	FFI(UK Fn)5⅝pcDb. '80-2	95½	+½	6.75	14.60
83½	77	Do. 6¼pcDb. '81-84	81½	+½	7.67	14.97
93	82½	Do. 10¼pc Uns.Ln. '86	83½	+1	12.57	16.58
92	78	Do. 11pc Uns.Ln. '88	78½	+½	14.01	16.80
92	78	Do. 11¾pc Uns.Ln. '90	78½	+½	14.97	16.98
94½	78½	Do. 12½pc Un. Ln. 1992	83½	+½	14.79	16.88
64½	54	Do. 7¼pcADeb. '89-92	54½	......	13.46	16.49
62	51½	Do. 7¼pcADeb. '91-94	54	+½	14.00	16.40
72½	59½	Do. 9pc 'A' '91-94	64¼	+¼	14.71	16.33
70	56½	Do. 8¾pcLn. '92-97	61½	......	15.57	16.56
Building Societies						
100¼	98⅛	N'wide 14¼pcBd17.8.82	99¼	+¼	14.86	—
100½	98	Do. 14¼pc Bds 25.8.82	99½	+¼	14.82	—
100½	98¼	Do. 15¾pc Bds. 29.9.82	99¼	+¼	15.49	—
101¼	99¾	Do. 16¼pc Bds. 27.10.82	100	+¼	16.25	—

FOREIGN BONDS & RAILS

1981/82 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
95	58	Antofagasta Rly	65	......	—	—
57	53½	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	13.1
28	14	Chinese 4½pc 1898	16	......	—	—
22	11	Do. 5pc 1912	13	......	—	—
[illegible]						

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

[illegible]

Australian

[illegible]

Tins

[illegible]

Copper

[illegible]

Miscellaneous

25½	12	Burma Mines 10p	14½	......	0.75	0.9	7.4
330	85	Colby Res. Corp.	110	+5	—	—	—
330	200	Cons. Murch. 10c.	250	......	Q60c	♦	12.8
10	5	‡‡Explaura Gold	8	+½	—	—	—
98	47	††Hemerdon 10c.	63	......	—	—	—
180	65	Highwood Res.	90	......	—	—	—
505	220	Northgate C$1	220	−10	—	—	—
633	372	R.T.Z.	425	+9	16.0	2.3	5.4
£130½	£93½	Do. 9½%Cnv.Uns.'95-2000	£95½	+2	Q9½%	—	(10.1)
103	13	††SPO Minerals 10p	19	......	—	—	—
47	15	Sabina Inds. C$1	15	......	—	—	—
44	21	‡Southwest C. 10p	28	......	—	—	—
650	450	Tara Exptn. $1	450	−25	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ★★ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	40	......
Bertrams	15	......
Bdg'wtr. Est. 50p	405	......
Craig & Rose £1	£13	......
Finlay Pkg. 5p	26	......
Graig Ship. £1	£23	......
Higsons Brew.	70	+2
Holt (Jos) 25p	540	+10
I.O.M. Stm. £1	150	......
Pearce (C. H.)	870	......
Peel Hldgs.	116	......
Sheff. Refrshmt	85	......
Sindall (Wm.)	190	......

IRISH

Conv. 9% '80/82	£94¼	......
Nat. 9¾% 84/89	£66	+½
Fin. 13% 97/02	£75¾	+½
Alliance Gas	75	......
Arnott	238	......
Carroll (P.J.)	83	......
Concrete Prods.	90	......
Helton (Hldgs.)	23	......
Irish Ropes	37	......
Jacob	63	......
T.M.G.	13	......
Unidare	60	......

OPTIONS

3-month Call Rates

Industrials					
Allied-Lyons	6½	House of Fraser	13	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	18	Vickers	15
B.S.R.	7½	"Imps"	5	Woolworths	4½
Babcock	9	I.C.L.	5	**Property**	
Barclays Bank	36	Ladbroke	13	Brit. Land	7
Beecham	27	Legal & Gen.	20	Cap. Counties	18
Blue Circle	38	Lex Service	9	Land Secs.	38
Boots	18	Lloyds Bank	28	MEPC	20
Bowaters	19	"Lofs"	3½	Peachey	15
Brit. Aerospace	17	London Brick	6½	Samuel Props.	13
B.A.T.	28	Lucas Inds.	18	Town & City	2¼
Brown (J.)	8	"Mams"	11	**Oils**	
Burton Ord.	12	Mrks. & Spncr	10	Brit. Petroleum	28
Cadburys	8	Midland Bank	26	Burmah Oil	11
Courtaulds	5½	N.E.I.	7	Charterhall	6
Debenhams	7	Nat. West. Bank	30	KCA	19
Distillers	15	P & O Dfd.	9	Premier	7
Dunlop	6½	Plessey	26	Shell	28
Eagle Star	25	Racal Elect.	34	Tricentrol	25
F.N.F.C.	4	R.H.M.	7	Ultramar	40
Gen. Accident	30	Rank Org. Ord.	14	**Mines**	
Gen. Electric	25	Reed Intnl.	23	Charter Cons.	22
Glaxo	32	Sears	5	Cons. Gold	40
Grand Met.	15	Tesco	5	Lonrho	7
G.U.S. 'A'	36	Thorn EMI	30	Rio T. Zinc	45
Guardian	30	Trust Houses	11		
G.K.N.	11	Tube Invest.	32		
Hawker Sidd.	25	Turner & Newall	7½		
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Wednesday January 20 1982

Interest rate decline continues

By Max Wilkinson, Economics Correspondent

INTEREST RATES moved down again yesterday as the Bank of England lowered its dealing rates on Treasury and other bills for the second day running.

The Bank dropped the rate at which it accepted bills up to ⅛ point, to 14⅛ per cent. This followed a fall of 1/16 point on Monday. Yields on sterling certificates of deposit and eligible bank bills fell by up to 1/16 point following the news.

The Bank's move was generally interpreted as a signal that it would be happy to see a return to lower interest rates, although an immediate fall in clearing bank base rates from 14½ per cent is not in prospect.

The seven-day inter-bank rate, generally considered the key to any movement in base rates, remained unchanged at 14⅞ per cent.

However, the three-month rate fell half a point to 15¼, reflecting a general mood of optimism in the markets. The November 19 short tap (14 per cent Exchequer 1986) was sold out and gilt-edged stock generally moved up, in spite of official sales of stock, adding 0.65 points to the FT gilts index, which closed at 63.61.

The equity market followed the upward trend, and the FT index added 11.2 points to close at 545.9, the highest for over four months.

Three-month Eurodollar rates were down ⅛ point at 14⅛ per cent.

The market was further encouraged by sterling's firmness in the face of the general downward drift of UK interest rates. The index of sterling's trade-weighted value against a basket of other currencies increased 0.7 of a point to 91.5, and the rate against the dollar increased to $1.8950 from Monday's London close of $1.8896.

Market sentiment appeared to be influenced more by the slightly better news from the UK industrial front than by the recent sharp increase in the U.S. money supply.

Money markets, Page 31

Rail peace hopes rise as Murray joins talks

BY PHILIP BASSETT AND CHRISTIAN TYLER

HOPES ROSE last night for a solution to the railway dispute, when Mr Len Murray, TUC general secretary, joined talks at the Advisory, Conciliation and Arbitration Service. A plan for comprehensive arbitration on all aspects of the pay and productivity row appeared to be being stitched together.

Terms of reference for binding arbitration — apparently acceptable to the board of British Rail—were being put to the Associated Society of Locomotive Engineers and Firemen (Aslef), whose train driver members are due today to embark on their second week of strikes.

It was obvious, however, that the terms could be difficult for Aslef to accept. The idea is that arbitration should be set up, probably under the auspices of Acas, but possibly with Lord McCarthy, of Oxford University, handling the issue.

Lord McCarthy is chairman of the industry's own internal arbitration panel and it was he who said that part of the last pay award should be linked to productivity negotiations.

It would be left open when and whether the 3 per cent pay rise tied to productivity was to be made to the Aslef drivers. But a sum of about £2m might be put into a pool by BR as an earnest of good faith.

But Aslef would have to agree that not only the present argument about flexible hours but all six productivity concessions the board is seeking are included in the arbitration. Some of these are far more contentious than the rostering one.

BR would probably insist that the arbitration was binding and the series of strikes called off.

There was little prospect that today's and tomorrow's stoppages could be prevented. But next Sunday's 24-hour strike might be.

It was not immediately clear whether Mr Murray, who last week insisted BR was in the wrong, was promoting this arbitration plan, alongside Mr Pat Lowry, Acas chairman.

Mr. Ray Buckton, Aslef general secretary, said earlier yesterday that the BR board would have to pay the disputed 3 per cent second stage of last year's two-part 11 per cent pay deal before there would be further talks about the crucial issue of more flexible hours. There would be no "softening" of the union's position.

The BR board, meeting yesterday, reaffirmed its determination to achieve its programme of specific productivity improvements, including flexible rostering, to which it said all parties had agreed last August.

However, Sir Peter Parker, BR chairman, earlier in the day in an interview on BBC radio, raised the prospect of a compromise on the dispute. He suggested implementing flexible rostering for drivers for an experimental period of a year, in order to bring to an end the series of Aslef strikes, though whether even this would be acceptable to the union is doubtful.

Guards at London Bridge station on BR's Southern Region returned to work yesterday, after an unofficial strike over flexible rostering. The BR board was understood to have severely admonished SR management for giving the guards incorrect information about the effect of the new 7-to-9-hour rosters on sick pay, holidays, and a day off resulting from the introduction of a 39-hour week.

Guards at London's King's Cross station who have also threatened action over new rosters are in talks with local management on the issue, and their union, the NUR, is confident that any dispute can be avoided.

Cash is key, Page 9

Solidarity press seized by police

By Christopher Bobinski in Warsaw

POLISH security police have notched up a victory in their campaign to root out resistance to martial law by seizing one of Solidarity's secret printing presses.

The press was discovered in a private flat in Wroclaw, south-west Poland.

Police also found leaflets urging the population to disobey martial law regulations and forged identity papers, according to Trybuna Ludu, the Communist Party newspaper.

The official Press has rarely admitted that Solidarity members are continuing to produce and distribute leaflets and organise other forms of resistance.

But Wroclaw is believed to have one of the best organised clandestine Solidarity networks.

The press made great play some weeks ago with the fact that union officials had withdrawn 80m zloty (£530,000) from the Solidarity bank account in the region just before martial law was declared on December 13.

The implication then was that union officials had stolen the money.

It now looks as though the money was withdrawn in anticipation of the clampdown and is being used to finance clandestine union activity.

Reports from other regions indicate that resistance and underground activity is widespread.

Sentences in the courts have sometimes been harsh. In December, five Solidarity members in Bielsko Biala are reported to have been sentenced to three to five years in jail for "organising a secret structure for the union." In Warsaw, however, judges appear to be less strict.

More Polish news, Page 2

£62m rights issue from MEPC

BY MICHAEL CASSELL

MEPC, the UK's second largest property group, yesterday announced a £62.3m rights issue to help fund its ambitious world-wide development programme.

The group has been stepping up development activities in the U.S. and Australia and, with its UK programme included, is expected to spend more than £100m on new schemes over the next two years. About £60m will be accounted for in the current financial year.

The issue, which is being underwritten by Morgan Grenfell and Hill Samuel, will involve an offer of 34.2m new ordinary shares at 185p each. The terms are one ordinary share for every five existing ordinary shares and one for every £16.50 of 6½ per cent stock.

News of the issue sent MEPC shares down 11p to 214p.

MEPC, which last had a rights issue in 1979, said last night that the issue of additional equity would be in the long-term interest of shareholders. It indicated that it intended at least to maintain its ordinary dividend on the increased share capital.

Last month, the group revealed pre-tax profits of £26.79m for the year to September and an open market valuation of its international property portfolio gave it a price tag of £906m.

Mr David Davies, MEPC finance director, said that the UK would account for about £70m of the £100m-plus development programme in 1982 and 1983. This figure would include about £18m for the initial stages of its Reading, Berkshire, office scheme.

The group has an option to purchase the site for the development, which could cost up to £50m over a four year period but which will ultimately involve a funding partner.

The balance of the group's present capital commitments is divided between the U.S., where £20m will be spent on the first phase of its Quorum office complex in Dallas, Texas, and Australia, where developments will account for another £12m.

The group emphasised that its plans to develop in partnership about 86 acres of land at Texas Plaza in Dallas were not included in its present capital commitments. This phased scheme could take ten years to complete and MEPC's own share of expenditure is expected to represent one of the group's biggest ever single investments.

THE LEX COLUMN

Landlords clamour for their rights

Once is bapenstance, twice may be a little more than coincidence. Last month Haslemere became the first property company to follow up its 1979 rights issue with a repeat performance; yesterday MEPC played the same card with a £62.3m call. So, taking in the Great Portland issue, the sector has raised more than £100m within two months. The market is now guessing nervously which companies may be planning to present fresh demands: against a buoyant trend everywhere else, the property index shed a further 0.1 per cent yesterday.

MEPC's issue is launched on the back of its good results last month, and it has arranged an aggressive development programme. At least £100m should be spent in the next couple of years, while net available cash has shrunk to £10m. Further heavy outgoings are envisaged subsequently on projects in Reading and in particular Dallas. So the company is retaining its objective of financing projects with two-thirds of debt, thus allowing geared up benefits to come through in future to shareholders.

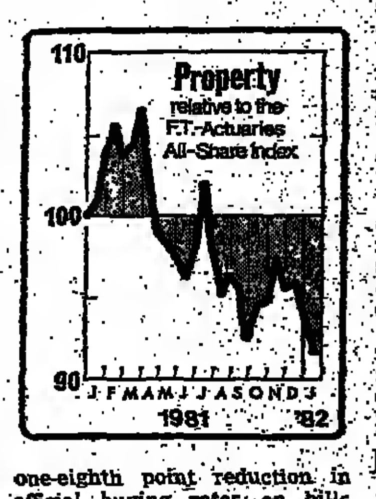
In the short-term however asset backing per share is down nearly a tenth, but reversions this year mean that cover on an unchanged dividend should be comfortable in spite of the increase in share capital. The shares fell 11p yesterday to 214p and the 38 per cent discount, cum rights, to net assets compares with an average for the sector of 34 per cent. No doubt MEPC will again use the funds wisely, but at this sort of discount asset sales would seem preferable to rights issue finance.

Another sixteenth

Clumsy old Minimum Lending Rate used to move in quater points when it was going down (upward steps tended to be larger). The Bank of England's new ultra-sensitive arrangements allow it to move interest rates through gradations that would not have alarmed dealers in Consols a century ago, and yesterday the Bank brought its bill dealing rates down by a sixteenth point for the second day running.

The impression that the authorities are relaxed about things is now irresistible. It is not enough to suggest that the Bank is dropping its bill rates just to encourage the issue of more paper, since the come-on that it has given the money markets has actually narrowed the arbitrage gap between bill and money market finance. A

Index rose 11.2 to 545.9



one-eighth point reduction in official buying rates on bills has translated into a half point fall in the three-month interbank rate.

In general the Bank's task of relieving money market shortages is more difficult when the market is bullish and wants to hold on to bills. The gilt-edged sales of the last two days—yesterday the Government Broker was cleaned out of the last £200m or so of his short tap, having cut the price by an obliging 2¼ points—will of course make the shortages bigger, and today is banking make-up day. But the problems of success are always fun to solve, and the authorities may soon be thinking in terms of issuing more stock provided the gilt-edged market does not take fright at the Fed Funds rate again.

U.S. Motors

The U.S. motor industry has been clearing the decks for what promises to be another very tough year. In the space of a few days, Ford has omitted its first quarter dividend, General Motors has announced sweeping price cuts, American Motors has reshuffled its top management and the United Auto Workers union has showed itself ready to accept profit-linked wage settlements.

The shares of all U.S. manufacturers are trading well into the lower half of their last 12 month range an dthe threat of a deepening recession is forcing some downward revision of unit sale forecasts. The market for new cars is unlikely to rise far above 9m units in 1982, compared with a very depressed figure of 8.5m last year. Importers, who pushed up their market share to 27 per cent in 1981 on the back of a strong dollar, are unlikely to give much ground.

GM remains much the most soundly financed of the four companies and the only one likely to show an overall profit for 1981. But, even assuming some recovery in the current year, the maintenance of its dividend must be in some doubt.

Ford's common stock has held up well to the dividend announcement, but the performance of its bonds gives some indication of the market's concern. The 9.15 per cent offering due 2004 is yielding around 19 per cent to maturity, more than 3 per cent above the triple utility average. A further downgrading of its credit rating looks on the cards.

MFI

MFI has cast a shadow over its impressive set of interim figures with some very bearish comments about current trading. The bad weather has left sales about 25 per cent below budget during what is normally a peak selling period. The shares responded with a 4p dip to 57p.

MFI may now struggle to match last year's second-half profits of £6.8m, a marked contrast to the strong recovery in the six months to November. At the pre-tax level, profits have risen 42 per cent to £7.1m and net margins are almost 3 points higher at 8.4 per cent. Around £750,000 of the improvement reflects the absence of costs relating to the Status Discount acquisition, but MFI has also managed to push up selling price by 5 per cent while keeping its purchase prices and fixed costs virtually unchanged.

Turnover growth appears to be low on MFI's list of priorities. Sales were down in the first half, capital spending this year will be roughly £11m, lower than last year's £19m and floor space is being sub-let and surrendered to store-in-store retailers. With depreciation rising steeply and interest charges still running at around £3m a year, MFI is unlikely to restore the glamorous net margins of a few years ago but the group does seem well past the worst. It is, however, still taking a cautious attitude to the dividend, which is only maintained at the interim stage. Last year's payment was covered more than twice by exceptionally weak current cost earnings so there may be some room for an increase in the final. Meanwhile, the historic yield is 6.7 per cent.

Continued from Page 1

Heron

Yesterday he confirmed that his bankers Hill Samuel had made approaches to Standard Chartered merchant bank, which is advising ACC, for further information about the company.

Mr Maxwell said: "I am interested in buying the whole company. We have an 8 per cent stake in the voting shares of Central Independent Television, in which ACC holds a 51 per cent interest. In all we have made a £2.75m investment in Central." He said he will be making a statement shortly on his future intentions.

During the hearing of Mr Gill's injunction petition yesterday brought to ensure that he eventually receives the record compensation payment of £560,000, the court was told by Mr Gill's counsel that the settlement had been agreed in September when Mr Holmes à Court, the present chairman was "a cloud no bigger than a man's hand on the southern horizon."

Mr Gill in written evidence said Lord Grade "told me he and I could nnt work together and he wanted me removed. I was shocked and very angry."

Continued from Page 1

Reagan to raise taxes

confirmation from the White House, and the Treasury would say yesterday only that all kinds of tax options are being costed. But Mr Howard Baker, the Senate majority leader, has said that he has "a pretty good idea" of the President's plans for tax increases. The State of the Union message, which Mr Reagan will deliver on Tuesday and in which the Administration's plans will be unveiled, "is going to be a real bumdinger," he said.

Present federal taxes are 4 cents a U.S. gallon of petrol (equivalent to about 2p an imperial gallon), 8 cents on a packet of cigarettes, 17 cents on a gallon of wine (equivalent to less than 2p a bottle), 8 cents on a gallon of beer (less than 1p a pint) and $10.50 on a gallon of spirits (equivalent to about £1.15 a bottle).

Reginald Dale adds: Mr Reagan yesterday stoutly defended his economic programme, saying he was "quite sure" there would be an upswing in the stagnating U.S. economy as his policies began to take effect.

In a news conference to mark the first anniversary of his inauguration, he said U.S. interest rates and inflation were lower than when he took office, as were personal tax levels. In spite of rising unemployment, 1m more Americans were at work than there had been in 1980 and the number would continue to rise.

He had the "greatest sympathy" for the 9.5m out of work, but the latest unemployment figures—showing a jobless rate of nearly 9 per cent—were the continuation of a trend that had started under President Jimmy Carter in the last months of 1980, he said.

A programme was getting under way that would reduce unemployment and resolve the "bothersome" problems facing the U.S economy in a more comprehensive way than any in the last 10 years.

Mr Reagan told the poor and the unemployed his administration had not cut overall spending on human resources. This had increased and would continue to do so.

Continued from Page 1

De Lorean

the foreseeable future. The company's inability to find further private investment for the project, into which the Government has put £17.75m in equity, £23.9m loans and £25.2m in grants—apart from loan guarantees—will make it difficult for De Lorean to resist the Government's plans to increase its influence on the company.

Mr De Lorean said recently he felt the Government has "as much control as you can have and still keep it a private company. If you want to turn it into a BL, where the Government runs the whole show, that's a different thing altogether."

There is a weekly review of expenditure with Northern Ireland officials, and Government board representation consists of two Northern Ireland Development Agency appointees: Mr Alex Fetherstone, a solicitor and member of an advisory committee on industrial development in the province, and Mr James Sim, a banker and deputy chairman of the committee.

Weather

UK TODAY

Occasional rain in eastern districts with bright intervals in northern areas. Hazy sunshine in western and central parts with isolated showers in the west. Fog patches in most districts.

London, East Anglia, E. Midlands, Cent. S., Cent. N., S.E., E. England
Misty throughout, hazy sunny periods developing. Max. 10C (50F).

W. Midlands, N.W. England, North Wales, Isle of Man
Misty throughout, hazy sunny periods developing. Max. 9C (48F).

S.W. England, South Wales, Northern Ireland, Channel Islands
Fog patches at first, sunny periods developing, isolated showers. Max. 11C (52F).

Lake District, Glasgow, Cent. Highlands, Argyll, S.W., N.W. Scotland
Sunny periods, isolated showers, fog patches. Max. 4C ([illegible]F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetland
Misty, occasional rain, bright intervals developing. Max. 7C (45F).

Outlook: Mostly dry, with sunny intervals. Widespread fog.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio		—	—	L. Ang.†	C	10	50
Algiers	C	14	57	Luxmbg.	S	3	37
Amsdm.	C	3	37	Luxor	S	21	70
Athens		—	—	Madrid	C	9	48
Bahrain	F	17	63	Majorca	F	15	59
Barclna.	F	14	57	Malaga	C	14	57
Beirut	S	15	61	Malta	R	12	54
Belfast	R	8	46	M'chstr.	C	8	46
Belgrd.	C	−4	25	Melbne.		—	—
Berlin	S	−3	27	Mx. C.†		—	—
Biarritz	C	15	59	Miami†	C	15	59
Bmghm.	C	6	43	Milan	C	0	32
Blackpl.	C	7	45	Montrl.†		—	—
Brdx	S	12	54	Moscow	F	−8	21
Boulgn.	F	10	50	Munich	S	−9	16
Bristol	C	9	48	Nairobi		—	—
Brussels	C	8	43	Naples	C	11	52
Budpst.	C	−9	16	Nassau		—	—
Cairo	S	19	66	Nwcstl.	C	5	41
Cardiff	R	7	45	N. York†	C	−10	14
Cas'b'ca	R	12	54	Nice	S	12	54
Cape T.	F	25	77	Nicosia		—	—
Chicago†	F	−11	12	Oporto	C	12	54
Cologne	S	3	37	Oslo	F	−9	16
Cpnhgn.	F	−3	27	Paris	S	9	48
Corfu	S	13	55	Perth	S	29	84
Denver†	F	0	32	Prague	C	−7	19
Dublin	F	9	48	Rkyjvk.	S	−2	28
Dbrvnk.		—	—	Rhodes	F	12	61
Ednbgh.	C	5	41	Rio J'o†		—	—
Faro	S	15	59	Rome	C	12	54
Florence	S	5	41	Salzburg	S	−7	19
Frankft.	C	−3	27	S F'cisco†	F	6	43
Funchal	F	17	63	S. Moritz		—	—
Geneva	C	1	34	Singapr.		—	—
Gibraltar	C	13	55	S'tiago†		—	—
Glasgow	C	9	48	Stckhm.	C	−2	28
G'nsey	C	8	46	Strasbg.	Fg	−5	23
Helsinki	C	−2	28	Sydney		—	—
H. Kong	S	16	61	Tangier	C	13	55
Innsbrk.	S	0	32	Tel Aviv	S	17	63
Invrnss.	F	8	46	Tenerife	F	17	63
I. o Man		—	—	Tokyo	S	7	45
Istanbul	C	7	45	T'ronto†		—	—
Jersey	C	8	46	Tunis	R	12	54
Jo'burg	F	25	77	Valencia	C	14	57
L. Plms.	S	20	68	Venice	Fg	1	34
Lisbon	F	13	55	Vienna	C	−8	18
Locarno	Fg	−2	28	Warsaw	S	−2	28
London	F	10	50	Zurich	S	−6	21

C—Cloudy, F—Fair, Fg—Fog, R—Rain, S—Sunny.
† Noon GMT temperatures.

France improves nationalisation terms

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday opted to pay generous compensation for the banks and industrial groups it is taking over, in an effort to avoid any further check by the Constitutional Council to its nationalisation bill.

The decision caused indignation in the Communist Party, which is a member of the coalition government, and among Socialist deputies on the left.

One consolation for the Government, which was forced into improving the terms by the council's rejection of the original compensation, is that the new offer is likely to diminish the chances of the Nationalisation Bill being challenged in foreign courts. The Constitutional Council is France's highest judicial body.

Under the new formula, which is to be put to the full Cabinet today, compensation for quoted companies and banks will be paid on the basis of the highest average monthly share price during the six-month period October 1, 1980 to March 31, 1981.

This figure is then increased by 14 per cent or the equivalent of France's current inflation rate.

In addition, the Government will pay dividends for 1981 on the basis of 1980's dividend payment. These too will be increased by 14 per cent.

A commission of experts will determine the value of the 18 banks to be nationalised which are not quoted on the Bourse, case by case.

Officials yesterday put the revised cost of the Government's nationalisation programme at about FFr 35bn (£3.2bn) or 25 per cent more than had originally been expected.

On the basis of tentative estimates made by brokers yesterday, shareholders in some of the big enterprises being taken over will make large windfall gains. The new terms provide estimated profits of FFr 111 per share over the closing price before the May presidential election for shareholders in the Compagnie Financiere de Suez; of FFr 65 per share in the Paribas holding company; and FFr 74 per share in the Compagnie Generale d'Electricite.

M Jean-Maxime Leveque, chairman of Credit Commercial de France, one of the fiercest critics of the compensation terms, said yesterday that he was "happy" for his shareholders.

Some brokers spoke of "dream takeover prices."

The Government's decision to pay heavily reflects its determination to push ahead fast with a main plank of its economic policy.

Officials were calculating yesterday that a new Nationalisation Bill — which has to pass again through the National Assembly, the Senate and the Constitutional Council —could become law in six weeks.

The new formula for compensation drops the complicated features of the earlier system. The council had criticised this for failing to take into account the erosion by inflation of what shareholders would be paid, the non-consolidation of accounts in calculating company assets and the non-payment of a dividend for 1981.

Reflecting the bitterness in the Socialist party at the council's ruling, M Lionel Jospin, the party's First Secretary, said yesterday that the council was not "the model of objectivity and wisdom it was said to be."

The new Nationalisation Bill thus encompasses France's five main industrial groups, two major holding companies and 18 banks.

In addition, the Government has been told by the Constitutional Council that it must take over three co-operative banking institutions.

FRENCH NATIONALISATION COMPENSATION TERMS
(Francs per share)

	Market price at 8/5/81*	Original compensation†	Revised terms‡
Saint Gobain	136.90	156.18	171
CGE	411.00	334.15	485
Rhone Poulenc	83.00	135.98	126
Thomson-Brandt	247.00	255.71	300
Pechiney-Ugine-Kuhlmann	101.00	104.64	123
Paribas	245.00	218.70	310
Suez	325.00	327.35	436

* Last closing price before the Presidential election. † As calculated by the nationalisation commission of the National Assembly. ‡ Estimated (includes 1981 dividend payment.

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